kirloskar Industries

17 July 2023

BSE Limited
Corporate Relationship Department
1st Floor, P. J. Towers,
Dalal Street, Fort,
Mumbai 400 001.

BSE Scrip Code: 500243

The Manager
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, C -1, Block G,
Bandra-Kurla Complex, Bandra (E),
Mumbai 400 051.

NSE Scrip Code: KIRLOSIND

Sir / Madam,

Subject: Annual Report 2022-2023

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Regulations), please find enclosed copy of Notice of 29th Annual General Meeting along with the Annual Report for the Financial Year 2022-2023.

You are kindly requested to take the same on your record.

Thanking you

Yours faithfully,

For Kirloskar Industries Limited

ASHWINI VIJAY MALI

Digitally signed by ASHWINI VIJAY MALI
Date: 2023.07.17 17:26:18 +05'30'

Ashwini Mali
Company Secretary&
Compliance Officer

Encl.: As above

Kirloskar Industries Limited
A Kirloskar Group Company

kirloskar Industries

Building the Future

Annual Report
2022-23

Contents

To view the report online, log on to **www.kirloskarindustries.com/investors**

Scan the QR Code to know more about the Company

₹ 1,183 Mn
Total income*

₹ 741 Mn
Net profit*

₹ 934 Mn
Profit before tax*

*Above numbers represent standalone performance only. All the numbers are rounded off to the nearest decimal.

About the report

This report is primarily intended to address the information requirements of stakeholders. Our endeavour is to present this information in a manner that is also relevant to key stakeholders.

This report aligns with following:

- The Companies Act, 2013
- Indian Accounting Standards
- The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Scope and boundary

This report covers information on business operations of Kirloskar Industries Limited, including disclosures about the operations of the Company.

The data covered under 'Decade at a Glance' in this report is in relation to 'Kirloskar Industries Limited' on a standalone basis.

Reporting period

The major reporting period for the Annual Report is from April 1, 2022 to March 31, 2023. However, certain portions of the report provide facts and numbers from previous years in order to give readers a complete picture.

Auditor's Report

To ensure the integrity of facts and information, the financial statements are audited by Kirtane & Pandit LLP, Chartered Accountants and the 'Independent Auditor's Report' has been duly incorporated as part of this report.

Stakeholder feedback

Stakeholders' constructive participation and feedback are welcomed and appreciated.

Email: investorrelations@kirloskar.com

Website: https://www.kirloskarindustries.com

Our stakeholders;

- Employees
- Shareholders & investors
- Customers
- Suppliers
- Communities
- Regulatory bodies and government

Forward-looking statements

This report contains forward-looking statements that describe our expectations, based on reasonable assumptions and past performance.

These are subject to change in light of developments in the industry, geographical market conditions, government regulations, laws and other incidental factors. These statements must not be used as a guarantee of our future performance, as the underlying assumptions could change materially.

Corporate information

Board of Directors

Mr. Atul Kirloskar
Chairman
DIN 00007387

Mr. Mahesh Chhabria
Managing Director
DIN 00166049

Ms. Aditi Chirmule
Executive Director
DIN 01138984

Mr. Anil Alawani
Non Independent Director
DIN 00036153

Mr. Vinesh Kumar Jairath
Non Independent Director
DIN 00391684

Mr. Tejas Deshpande
Independent Director
DIN 01942507

Mr. D. Sivanandhan
Independent Director
DIN 03607203

Mr. Ashit Parekh
Independent Director
DIN 00821577

Mr. Satish Jamdar
Independent Director
DIN 00036653

Mr. Vijay Varma
Independent Director
DIN 00011352

Ms. Purvi Sheth
Independent Director
DIN 06449636

Chief Financial Officer

Mr. Anandh Baheti

Company Secretary

Mrs. Ashwini Mali

Statutory Auditors

Kirtane & Pandit LLP,
Chartered Accountants

Secretarial Auditors

Mr. Mahesh J. Risbud, Practicing Company Secretary

Bankers

HDFC Bank Limited,
DBS Bank Limited,
ICICI Bank Limited, and
State Bank of India

Registrar and Share Transfer Agent

Link Intime India Private Limited
'Akshay' Complex, Block No. 202,
2nd Floor,
Near Ganesh Temple, Off Dhole Patil Road, Pune 411 001
Tel.: +91 (20) 2616 1629 / 2616 0084
Fax: +91 (20) 2616 3503
Email: pune@linkintime.co.in

Registered Office

Office No. 801, 8th Floor, Cello Platina,
Fergusson College Road, Shivajinagar,
Pune - 411 005
Tel.: +91 (20) 2970 4374
Fax: +91 (20) 2970 4374
Email: investorrelations@kirloskar.com
Website: www.kirloskarindustries.com
CIN: L70100PN1978PLC088972

Location of Windmills

Tirade Village, Tal. Akole,
Dist. Ahmednagar

Information for Shareholders

Annual General Meeting

Day & Date : Saturday, 12 August, 2023

Time : 2.30 p.m.

Venue : Through Video Conferencing (VC) / Other Audio-Visual Means (OAVM)

Date of Book Closure: 5 August, 2023 to 12 August, 2023 (both days inclusive)

Information for the Members of the Company

The 29th Annual General Meeting will be held on Saturday, 12 August, 2023 at 2.30 a.m. (IST) through Video Conferencing or Other Audio Visual Means.

Date of Book Closure: 5 August, 2023 to 12 August, 2023 (both days inclusive)

Decade at a glance

₹ million

Sr. No.	Particulars	Ind AS							Indian GAAP		
		2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
1	Revenue from operations	902	726	299	563	460	383	35	48	34	134
2	Profit before tax	934	801	325	649	568	492	375	684	543	541
3	Profit after tax	741	609	272	595	495	424	288	603	451	467
4	Dividend amount	109	98	97	**97	204	204	*194	194	194	39
5	Dividend (%)	110	100	100	**100	210	210	*200	200	200	40
6	Earnings per share (₹)	75	62	28	61	51	44	30	62	46	48
7	Book value per share (₹)	2,216	1,651	1,458	864	1,240	1,711	783	753	713	689
8	Share capital	99	98	97	97	97	97	97	97	97	97
9	Reserves and surplus	21,808	16,045	14,048	8,280	11,935	16,498	7,501	7,213	6,826	6,594
10	Shareholder's funds	21,907	16,142	14,145	8,377	12,032	16,595	7,598	7,310	6,923	6,691
11	Loan funds	-	-	-	-	-	-	-	-	-	-
12	Total capital employed	21,907	16,142	14,145	8,377	12,032	16,595	7,598	7,310	6,923	6,691
13	Gross block	772	774	747	783	751	687	420	402	402	401
14	Net block	364	390	378	425	421	380	130	122	130	142
15	Net current assets	2,136	30	662	1,228	923	564	786	490	835	678

* Interim Dividend paid in March 2016.
** Interim Dividend paid in March 2020.

LIMITLESS

As society changes and progresses, we at Kirloskar keep up with the pace by constantly evolving. Our philosophy, which has been the foundation of our organisation for 134+ years, focuses on the progress of humanity.

We encourage our customers to boldly embrace the future by breaking free from conventions and living up to their limitless potential.

Guided by our values, we have a vision that propels us towards an exciting future full of endless possibilities. With innovation as our driving force, we engineer solutions for tomorrow, always keeping human progress at the forefront. We strive to see beyond challenges and envision the unlimited potential that the future holds.

Being limitless also means a firm commitment to the values we live by: Innovative Thinking, Empathy, Collaboration, Integrity, Excellence, and Value Creation. By designing groundbreaking solutions, we create avenues for innovative services that address problems, generate value for our customers and society, and exceed their expectations. We operate with empathy and a strong commitment to moving forward together with our customers and partners because, together, we are limitless.

Building the Future

At Kirloskar Industries Limited (KIL), we recognise the potential that the Indian market holds in the forthcoming years. To capitalise on these emerging opportunities, we are aligned with the need to be future-ready in a constantly evolving world. Our commitment to building the future stems from the desire to become more customer-centric than ever before.

KIL is now gradually diversifying its operations by focusing more on the real estate business. To this end, we intend to scale up our wholly owned subsidiary, Avante Spaces Limited (Avante), by leveraging both the brand identity of Kirloskar as well as our ample land resources.

Staying true to our commitment to the environment, we acknowledge the country's net-zero aspirations. To accomplish this, we strive hard to build best-in-class green buildings that promote lower energy consumption, reduce carbon emissions and waste, and enable prudent water consumption.

Our journey ahead entails a revitalisation of KIL from being simply a holding company to becoming a leading real estate player. We look forward to achieving this goal by constructing landmark buildings and leading the transformation of the locality.

In keeping with our founder's vision of ensuring that all our offerings are a step ahead of time, KIL will innovate consistently, while also leveraging its diverse business portfolio to create sustainable value for all shareholders.

About Kirloskar Group

Innovation that empowers and enriches

For more than 134 years, the Kirloskar Group has been a driving force of excellence and innovation.

At the heart of our group's story lies the iron plough. A century ago, our founder, Shri Laxmanrao Kirloskar, started his journey with a small bicycle repair shop in Belgaum, Karnataka, India. Over time, he transformed it into a modest machine tool workshop, manufacturing not only iron ploughs but also chaff cutters - just one example of the engineering innovations that would shape the group's future.

Today, our founder is celebrated as a pioneer of Indian industry and a notable social reformer. Above all, he was an entrepreneur driven by a passion for innovation that improved people's lives. His enduring legacy provides employment to thousands in India and positively impacts millions of lives, both in India and around the globe.

Today, Kirloskar is recognised as the leader in castings, diesel engine manufacturing, backup power solutions, pneumatic packages, and cooling solutions, serving as a cornerstone for various industries. With a trail of pioneering achievements, we constantly innovate solutions that defy conventions and unlock a boundless future.

Our group of companies actively operates across diverse sectors, including agriculture, manufacturing, food and beverage, oil and gas, infrastructure, and real estate. The sustainability and profitability of these businesses can largely be attributed to the core values woven into our foundation.

134+
Years of engineering excellence

05
Listed companies*

₹ 203,198 Mn
Combined market cap**

₹ 84,391 Mn
Combined shareholders' funds*

6,800+
Employees across the listed group companies*

Our values

01
Excellence
In everything we do, quality without compromise

02
Integrity
Say what we do, and do what we say

03
Collaboration
We grow with people and partners

04
Towards all Stakeholders
Empathy
We always listen, and learn

05
Towards all Stakeholders
Value creation
We're building for a shared prosperous future

06
Innovative thinking
Be bold and brave, & stay relevant

*Listed companies include Kirloskar Ferrous Industries Ltd., Kirloskar Industries Ltd., Kirloskar Oil Engines Ltd., Kirloskar Pneumatic Company Ltd. and ISMT Limited (ISMT).

**Market cap based on closing market price of 31st March, 2023.

KIL at a glance

At KIL, our focus has been on expanding our real estate division by constructing cutting-edge buildings that are equipped with advanced technology and ready for future demands. Our dedication to creating value for our stakeholders has driven us to strategically invest in a range of real estate projects.

We operate as an unregistered Core Investment Company (CIC) under the regulatory oversight of the Reserve Bank of India. Our portfolio includes investments in various group companies, that allows us to capture the value generated by these entities and deliver favourable returns to our stakeholders. Additionally, through our subsidiary, Avante, we are expanding our presence in the real estate sector. This strategic move aims to unlock the value of our real estate assets by leveraging the strong brand image of the Kirloskar group. Our rich heritage, diversified business portfolio, and ethical business practices have earned us a reputation for excellence.

~1.8 Mn sq. ft.

Leasable/ saleable area

Our transition over the years

Before 2019

Wind power generation

We sold wind power to third party consumers through the Maharashtra State Electricity Distribution Company Limited (MSEDCL)

Holding company

As a Core Investment Company (CIC), we increased our share in group companies.

Real estate

We offered office spaces and leasable areas mainly to group companies in Pune.

2020-2023

KIL

Apart from wind power generation, we invested in group companies and provided leasing opportunities.

Avante

We invested in our wholly owned subsidiary, Avante, to diversify into real estate business.

Beyond 2023

Real estate development with KIL and Avante

We plan to focus on real estate business with diversified offerings in residential, commercial and mixed use spaces.

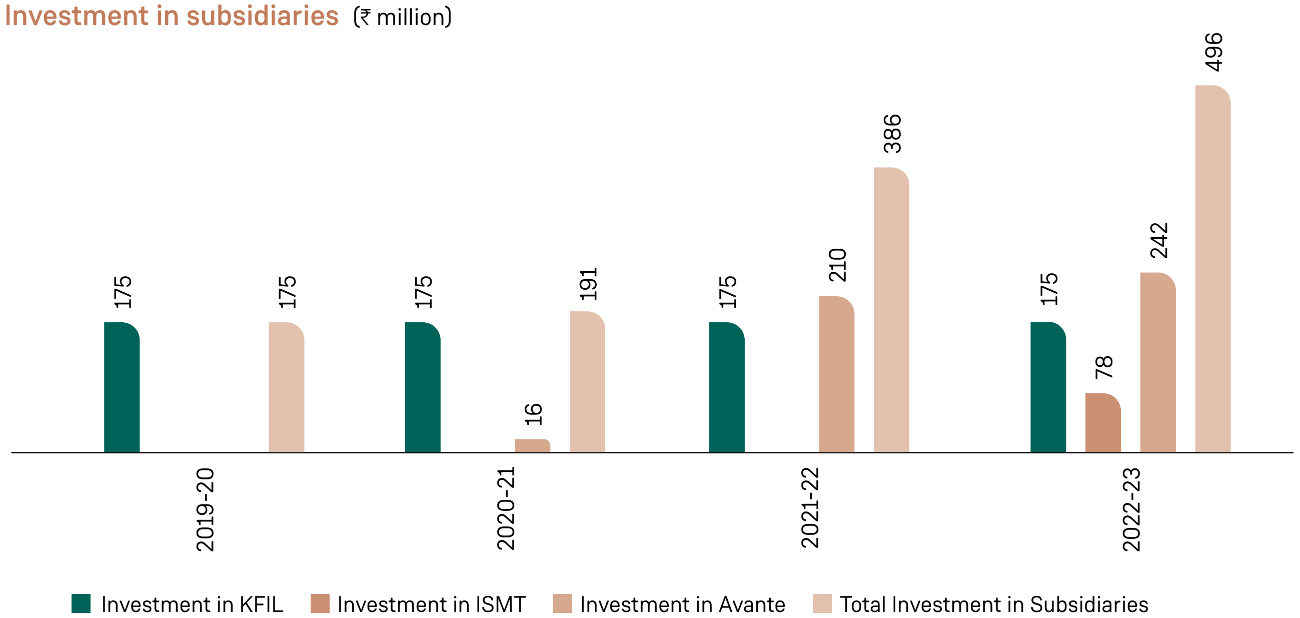
KFIL Holding

The merger between KFIL and ISMT* is expected to diversify their product portfolio, thereby adding value to our investments in the group companies.

Investment in group companies

We will continue to invest in our group companies for ensuring sustained business growth.

Investment in subsidiaries (₹ million)

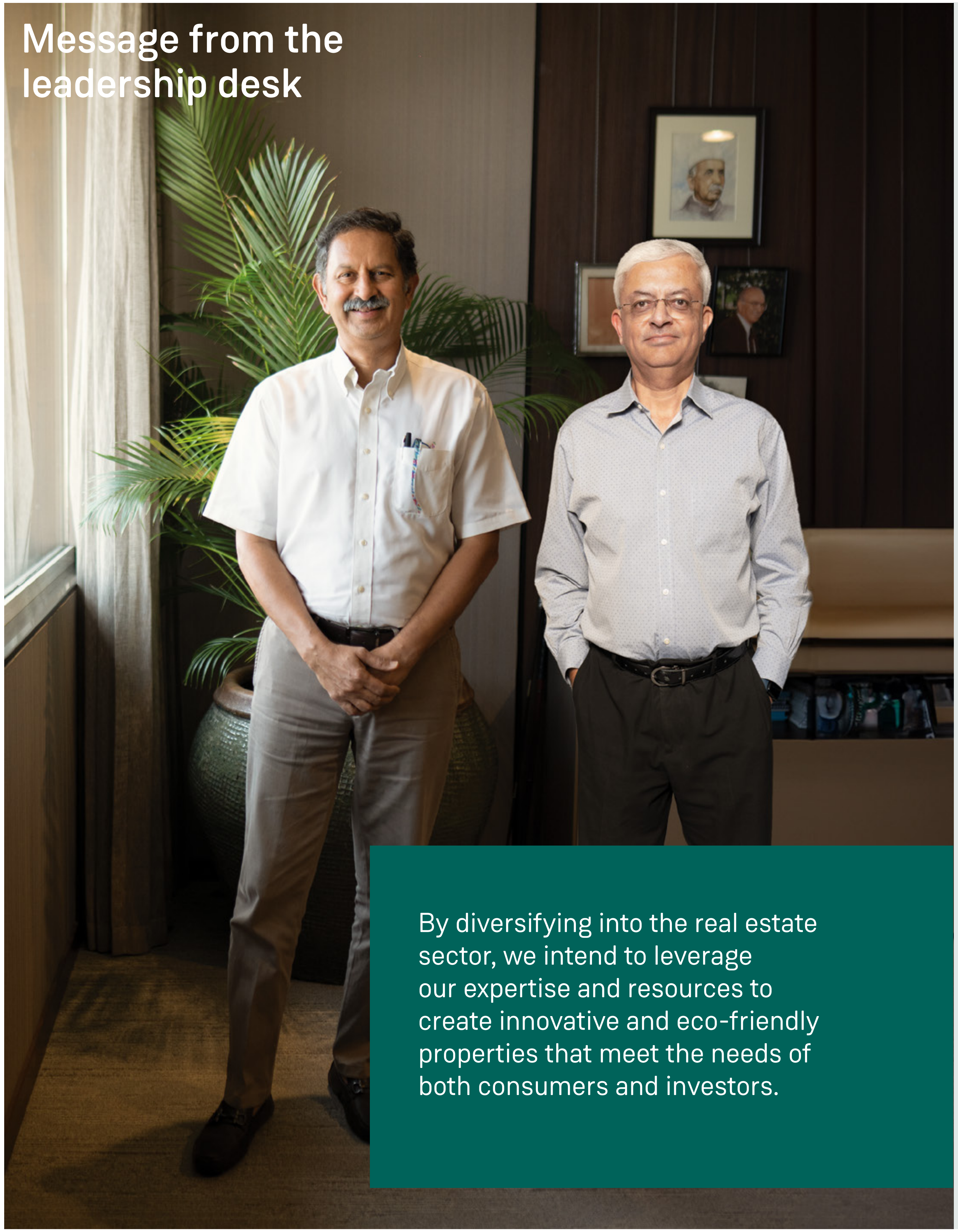


Our investments

Company name	Percentage of holding
Avante Spaces Limited	100%
Kirloskar Ferrous Industries Limited	50.84%
Kirloskar Brothers Limited	23.91%
S.L. Kirloskar CSR Foundation	19.60%
Kirloskar Pneumatic Company Limited	9.94%
Kirloskar Management Services Private Limited	7.00%
Kirloskar Oil Engines Limited	5.67%
ISMT Limited	4.99%

*Kirloskar Ferrous Industries Limited (KFIL) and ISMT Limited

Message from the leadership desk



By diversifying into the real estate sector, we intend to leverage our expertise and resources to create innovative and eco-friendly properties that meet the needs of both consumers and investors.

Dear shareholders,

It is always a matter of pleasure for us to pen down our thoughts at the conclusion of yet another exciting year. This comprehensive report not only talks about our performance, but also outlines our future vision.

Harnessing our strengths

We are adapting to the changing aspirations of a new India, driven by our clear purpose and inherent strengths, as we persistently work towards shaping the future. Throughout the course of FY 2023, we focused on realigning our Company and optimising returns. Despite challenging macroeconomic conditions, we successfully pursued our strategic goals, delivering value to our customers and shareholders.

Looking back on the year gone by

During the fiscal, we launched the first commercial project of our subsidiary, Avante. Additionally, we acquired 4.99% in our step-down subsidiary, ISMT Limited. Also, during the year we sold our 17.41% stake in Swaraj Engines Limited for an aggregate consideration of approximately ₹ 296 crore. We plan to utilise these proceeds in our real estate business. Most notably, all our subsidiaries performed well.

Coming to our financial performance, we have achieved consistent results, our standalone total income was at ₹ 118 crore for FY23; 15% increase year on year. Profit before tax was at ₹ 93 crore which was 17% increase. Thus, we recorded net profit of ₹ 74 crore for FY23; 22% increase over previous year.

Embedding sustainability in all that we do

We recognise the significance of environmental, social, and governance (ESG) aspects in promoting sustainable development at Kirloskar Industries Limited. Throughout the year, we have made significant progress in creating a robust governance system and adopting a comprehensive policy framework to direct our ESG endeavours. Our primary focus is on reducing our carbon emissions, conserving resources, and promoting responsible business practices. As we move forward, we are dedicated to delivering sustainable benefits to our stakeholders and making a positive impact on the environment for a cleaner and healthier planet.

Putting our people first

We consider it our responsibility to have an inclusive workforce that represents the various communities we serve. To ensure that we hire and retain the best talent, it is imperative to create a workplace that fully enables a diverse community of people to thrive. We are pleased to share that throughout the year, we made significant strides in building a truly inclusive organisation.

Geared to seize the potential that lies ahead

By diversifying into the real estate sector, we intend to leverage our expertise and resources to create innovative and eco-friendly properties that meet the needs of both consumers and investors. Our goal is to develop diverse real estate assets that align with sustainability principles and offer value to our stakeholders. In the years ahead, we are looking forward to venture into different markets and maximise our growth potential.

Considering the favourable macroeconomic conditions in India and global demand from India, we are confident that our group companies are strongly positioned to seize market opportunities. This provides us with an excellent chance to generate value, particularly as our group companies expand to capitalise on the growth prospects available.

On behalf of every member of the KIL family, we thank our shareholders for the trust they have reposed on us. We are truly grateful for your sustained cooperation throughout our journey. Together, we will achieve a better and more sustainable future.

Regards,

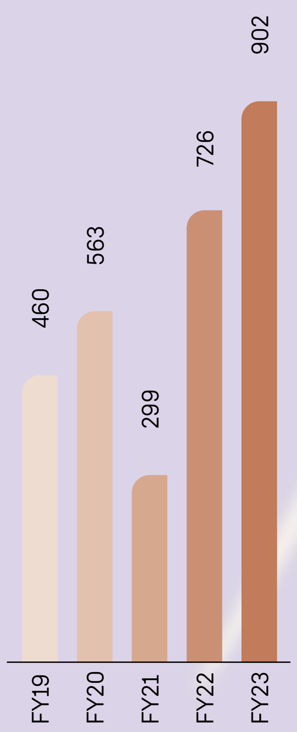
Atul Kirloskar,
Chairman

Mahesh R Chhabria,
Managing Director

Taking a look at our numbers

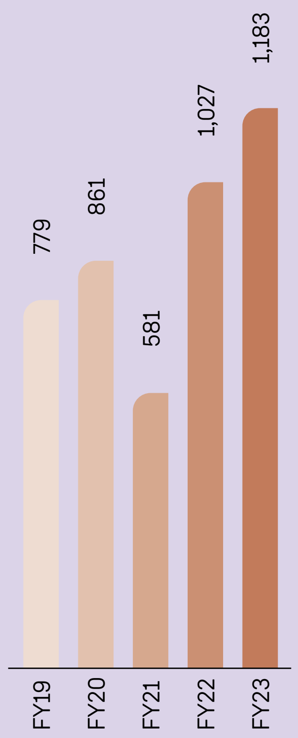
Revenue
(₹ in million)

902



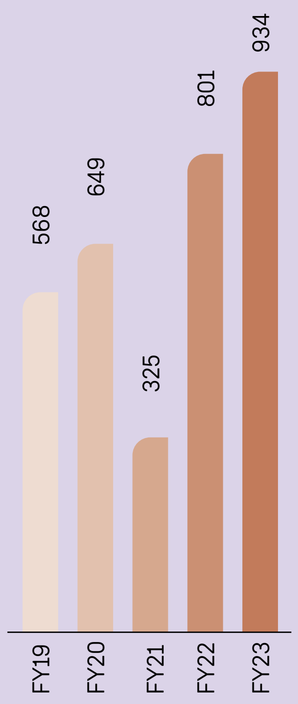
Total income
(₹ in million)

1,183



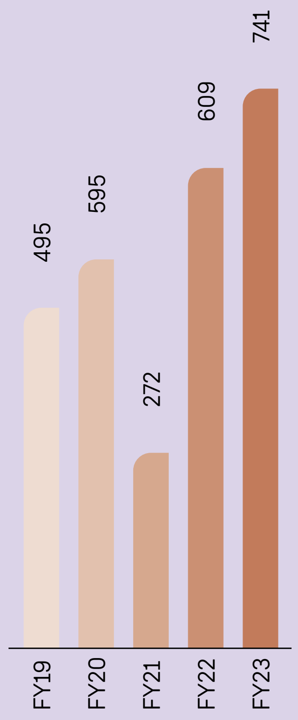
PBT
(₹ in million)

934



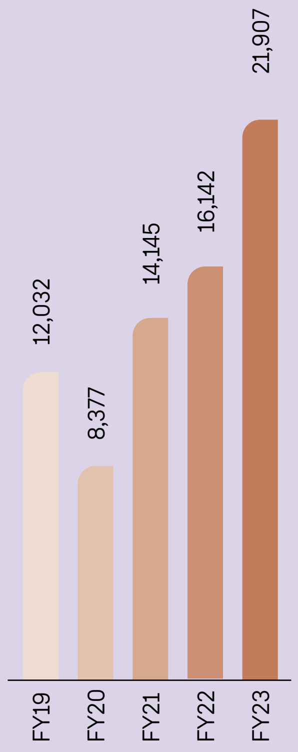
PAT
(₹ in million)

741



Net worth
(₹ in million)

21,907



Ensuring good governance

At KIL, our governance practices ensure that we maintain highest level of transparency and business integrity. We focus on building a sustainable growth while adhering to our core values and principles, which are reinforced at all levels of the organisation.

To facilitate efficient and effective decision-making, we have established various committees with specific mandates. These committees comprise Board members, who possess the required expertise and experience to guide the Company in achieving its objectives. The key committees include:

Audit
Committee

Oversee the financial reporting process to ensure accurate and reliable financial statements and monitor internal control systems.

Nomination and Remuneration
Committee

Review and approve the appointment, remuneration, and performance evaluation of executive directors, key managerial personnel, and senior management.

Risk Management
Committee

Identify, assess, and mitigate potential risks to the company's business and establish effective risk management policies.

Corporate Social Responsibility (CSR)
Committee

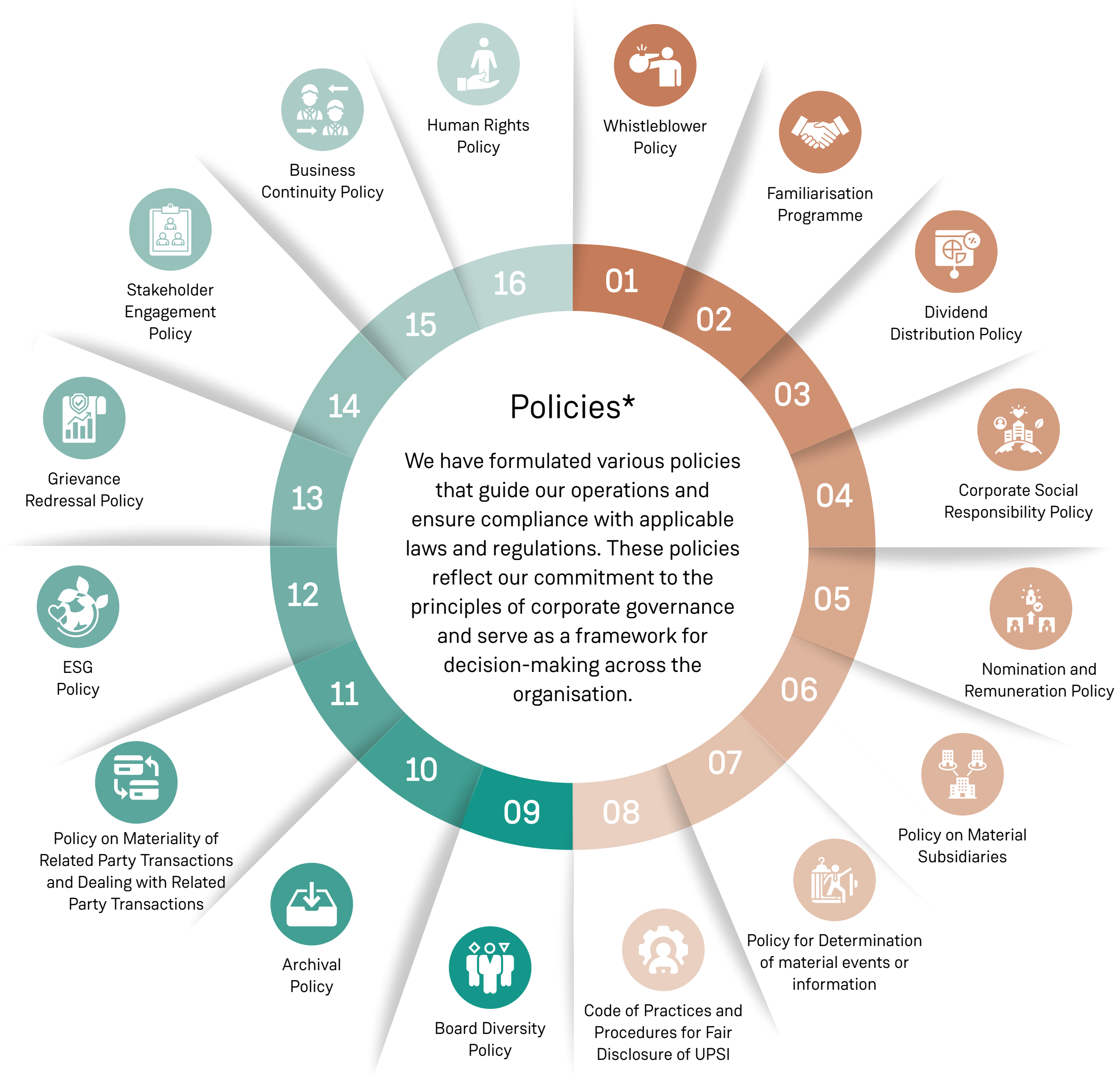
Formulate and monitor the company's CSR policies, programs, and initiatives in compliance with legal requirements and societal expectations.

Stakeholders Relationship
Committee

Address and resolve shareholder and security holder grievances promptly and effectively.

Ethics and transparency

Over the years, we have conducted our business responsibly while upholding ethical business practices. At KIL, our standard rules and regulations assist us in maintaining enduring relationships with our shareholders. Our policies contribute to good corporate governance, efficient administration, and a conducive work environment.



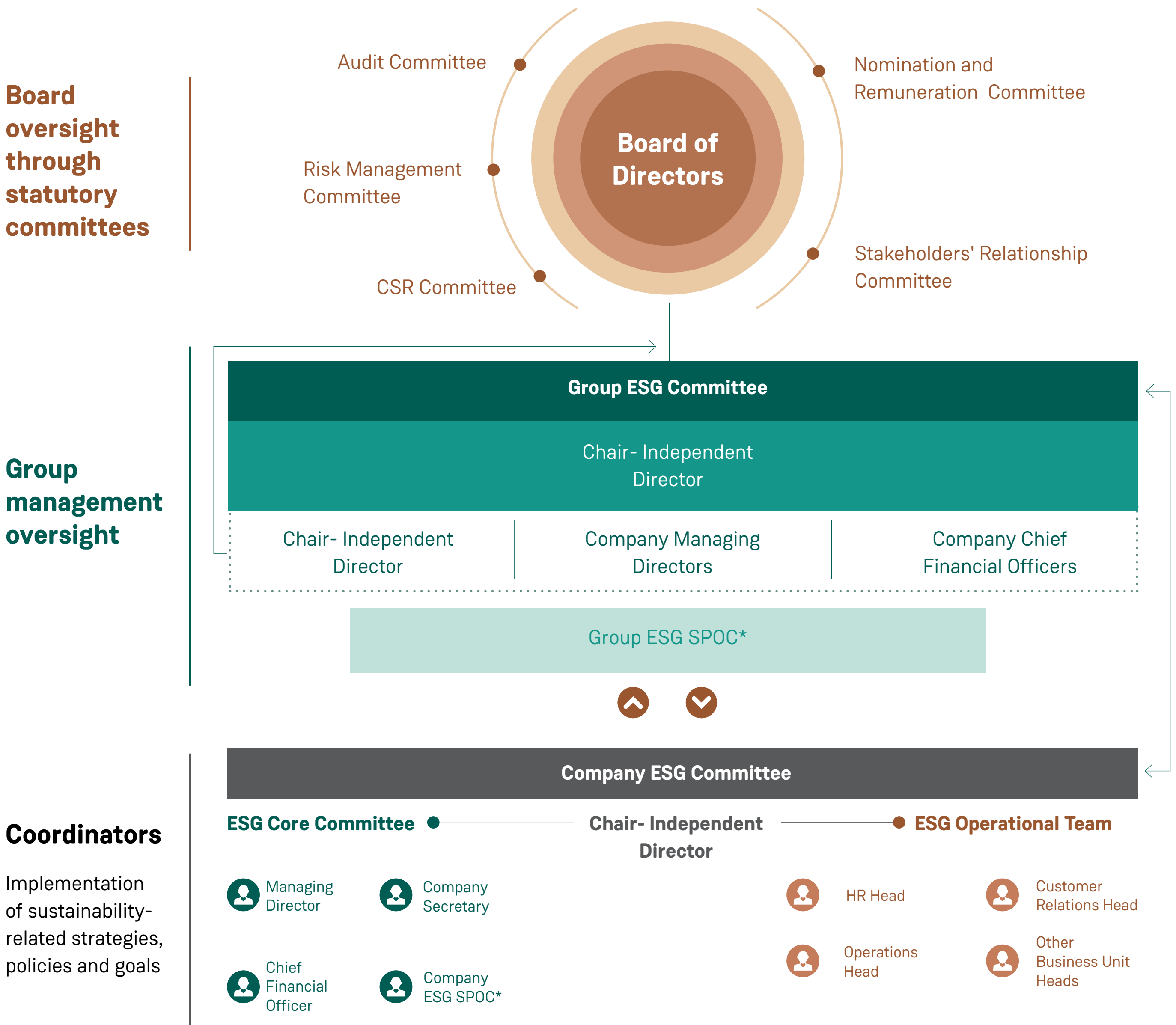
Group Policies Framework

*Indicative list of policy

Embracing sustainable practices

Our ESG framework is a set of principles and standards that are used measure and manage our environmental, social, and governance (ESG) performance. ESG factors are increasingly important to investors, customers, and employees, and we are committed to demonstrate a strong ESG performance that gives us a competitive advantage. This has helped our group with an improved risk management, increased shareholder value, improved reputation, and attracting and retaining right talent.

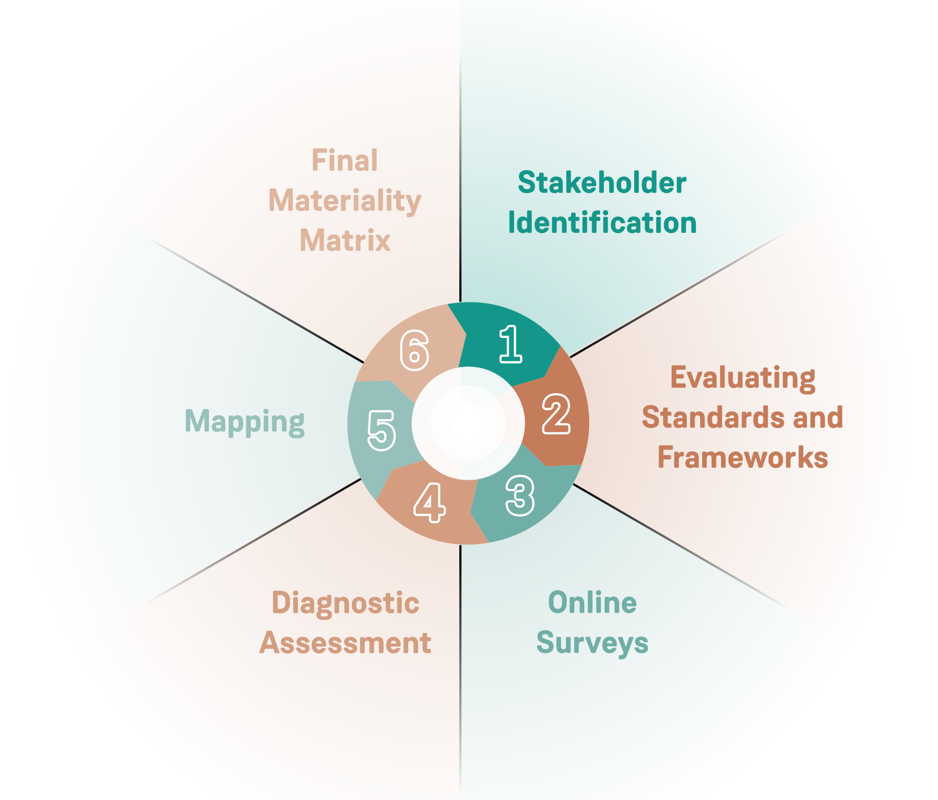
Sustainable governance structure



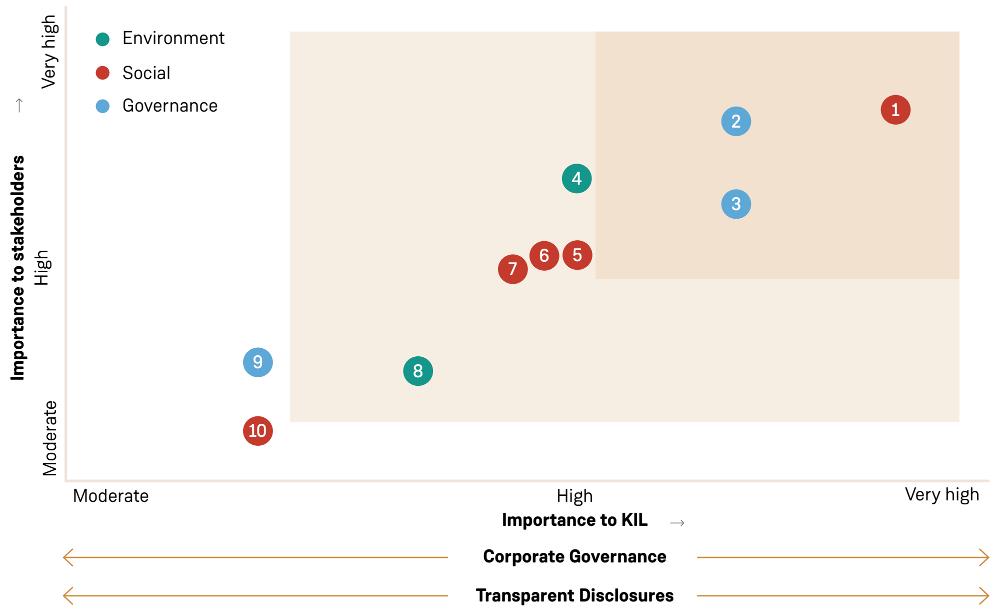
*SPOC - Single Point Of Contact

Mapping our material concerns

KIL places great emphasis on the materiality assessment process, which plays a crucial role in identifying key material topics and its impact to both internal and external stakeholders. This proactive approach enables us to develop effective strategies for risk management and leverage opportunities for growth. By fostering an open and continuous dialogue with the stakeholders, we endeavour to stay ahead of the curve and respond swiftly to evolving industry trends.



Materiality matrix



Rank	Material Issues
1	Employee health & safety
2	Business ethics
3	Responsible supply chain
4	Circular economy
5	Talent management
6	Community relations
7	Human rights
8	Climate action
9	Sustainable innovation
10	Data privacy

Deepening stakeholder engagement

At KIL, we firmly believe that value creation for our stakeholders is at the core of our purpose. Therefore, we prioritise engaging with our stakeholders on a regular basis to comprehensively understand their needs and expectations.

Stakeholder	Expectations for us	Importance of the relationship	Mode of engagement
Employees	• Equal opportunities • Skill and career development • Fair practices and wages	Contributing to the Company's growth by leveraging their expertise to boost productivity and profitability	• Employee on-boarding • Performance review forums • MD Annual Address • Weekly team meetings • Training and Development programs • Cultural events • Employee engagement activities • Round table events • Website • Intranet • Employee engagement survey
Shareholders and investors	• Corporate governance • Mutual growth • Improved market share • Resilient business plans	Increasing investment opportunities, which leads to business expansion	• Annual General Meetings • Postal ballot • Website • Conferences / Investors Meet • Quarterly earnings calls / press release / media dissemination • Investor presentations • Press release / Published notices • Annual Reports
Customers	• Consistent service • Best-in-class quality service	Drives revenue generation while reinforcing brand awareness	• Website • Press release • Customer satisfaction survey • Customer events • Help desk
Suppliers and business partners	• Mutual growth • Healthy relationships • Business benefits	Provides essential resources that cater to the Company's requirements	• Workshops • Dealer conferences and meets • Exhibitions • Website • Vendor satisfaction survey
Government and regulatory bodies	• Compliance with government and regulatory norms and applicable laws • Regular reporting	Adherence to government rules and regulations ensure sustained business growth	• Regular compliance filings and meetings • Participation at industry forums • Press release • Website
Communities	• Community development initiatives • Employment generation • Education • Healthcare and hygiene	Building long-term relationships with the local communities, help the Company make a positive impact on society	• Interaction with NGOs for CSR initiatives • Employee Volunteering • Website • Society perception survey

Delivering future-ready solutions

Avante Spaces Limited

Our real estate business, Avante is headed to emerge a beacon of innovation and forward-thinking, poised to redefine the boundaries of technological advancement.

About Avante

Avante is Kirloskar Group's real estate development company. Kirloskar Industries Limited acquired Wellness Space Developers Private Limited (now known as Avante Spaces Limited) in December 2020 with an aim to channelise the real estate operations of the Group and simplify the management of real estate activities.

What makes diversification to the real estate sector a promising move?

- **Effective use of existing assets**

  Through efficient utilisation of our current resources, leveraging our land bank and harnessing our brand value, we are dedicated to establishing a resilient foothold in the real estate sector. Our aim is to generate substantial returns for our investors, contribute to the long-term growth of our business and actively participate in overall real estate sector growth.

- **Promising macro trends in real estate**

  The increasing demand for real estate in both residential and commercial sectors, along with a growing preference for reputable brands and sustainable development by corporate developers, is a significant factor motivating our decision to seize emerging opportunities in the real estate sector. By leveraging our expertise and resources, we believe that we can create innovative and sustainable properties that meet the needs of today's consumers and investors. We anticipate that this approach will yield strong returns on investment and support our long-term growth strategy.

- **Experienced team and leading consultants**

  Our team comprises experts in this industry who bring a wealth of experience and expertise to the table. Moreover, we have enlisted the services of specialised consultants who possess relevant experience in creating sustainable architecture. Our consultants have undergone a rigorous pre-qualification process to meet our stringent standards. Together, our team of professionals is committed to delivering innovative and sustainable solutions that fulfil our clients' needs.

- **Disciplined approach and high governance standards**

  Our disciplined approach and emphasis on strong corporate governance are key strengths that will help us build a successful presence in the real estate industry. By adhering to strict processes and standards at every stage of the development, from planning and design to construction and operation, we ensure that our properties meet the highest standards of quality, safety, and sustainability.

  In addition to our commitment to excellence, we also maintain a relentless focus on governance and compliance, ensuring adherence to all relevant laws and regulations. It also enables us to abide by ethical standards and maintain transparency of operations. It not only helps us to earn the trust and confidence of our stakeholders, but also helps us mitigate risks and enhance the value of our investments in the long run.

What makes the real estate market in Pune attractive?

Pune, a city in western India, has become a major contributor to the country's IT exports and boasts the third largest position in the industry. The city also has the sixth highest per capita income in India, largely on account of its thriving IT and automotive, logistics, and education industries. With approximately 3,200 active start-ups, Pune is fast becoming a hub for innovation and entrepreneurship. The city's population is projected to reach 8.5 million by 2030, indicating significant growth and development in the coming years.

In addition to its economic strengths, Pune has also been recognised for its liveability. It was ranked as the 'second easiest city to live in' in India as per 'The Ease of Living Index 2020', due to its clean environment, good infrastructure, and low crime rate. The city's proximity to Mumbai, the financial capital of India, also provides a key advantage in terms of talent, technology, industry, and connectivity.

Pune has also seen robust private equity investments in real estate, totalling USD 1.8 billion since 2017. This represents a 6% share in overall India private equity investments. This trend is expected to continue for Pune real estate market. Driven by its status as a thriving IT hub, the growing demand for data centres, and the establishment of R&D hubs. With a robust infrastructure, a skilled workforce, and supportive government policies, Pune presents a lucrative investment opportunity for real estate investors. As the city continues to attract global and domestic players, the future looks promising for Pune's real estate market, with sustained growth expected in the coming years.

Delivering future-ready solutions contd...

The strong sales momentum in the Pune housing market is reflective of the city's rapid economic development and increasing urbanisation, resulting in a growing demand for housing. The housing market has witnessed a demand shift towards mid and high-end homes. With the demand for housing outpacing new launches, developers are focusing on completing existing projects to meet the increasing demand for quality homes. As a result of the high demand, the unsold inventory in the region has decreased, which is a positive indicator for the market. Moreover, the quoted capital values have seen an upward trend of 3-6% across all sub-markets, reflecting the overall confidence of investors in Pune's housing market.

The increasing demand for housing in Pune has also led to an upward trajectory of rentals, and this trend is expected to continue as more employees return to office in the city's IT corridors in the coming quarters. As a result, there is a growing demand for quality rental properties in the region.

Looking ahead, the Pune housing market is expected to remain robust in 2023-24, supported by rising consumer demand and growing investments in infrastructure projects such as the Metro. This will create further opportunities for the development of quality housing in the region and attract more investment, making Pune a promising market for real estate investors.

Our projects

Some of our projects

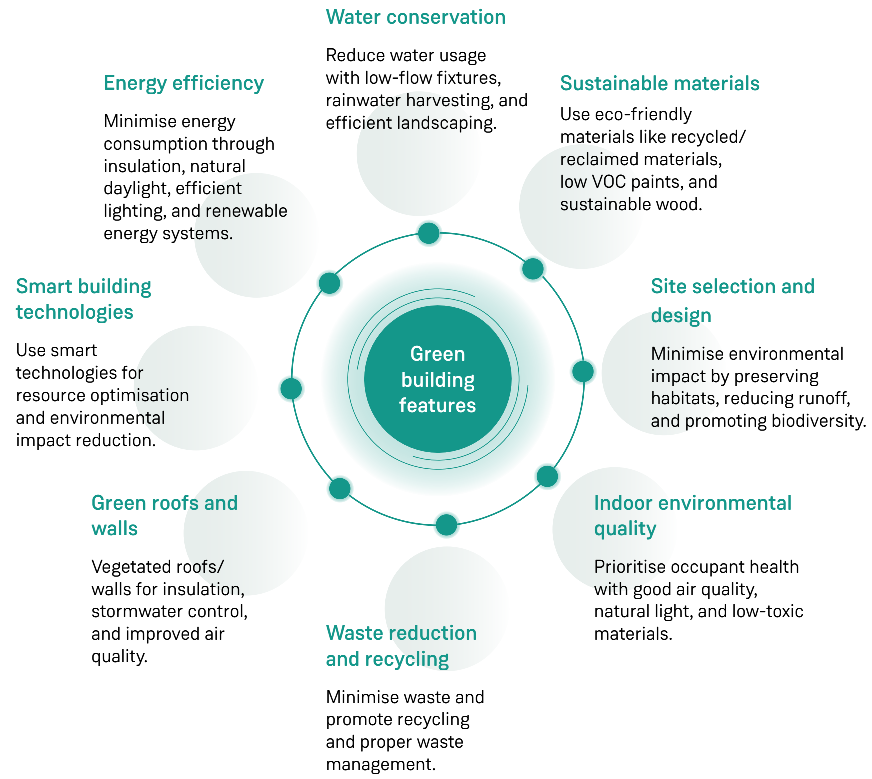
Project*	Location	Saleable / Leasable Area	Est. Total Cost^ (₹ million)	Cost Incurred^ (₹ million)	Tentative Completion Date
Project 1	Kothrud, Pune	0.17mn	2,018	1,080	FY23-24
Project 2	Kothrud, Pune	1.5mn	16,208	3,575	FY26-27
Project 3#	Kothrud, Pune	0.2mn	1,591	~	FY26-27

* Including announced projects only; Cost incurred till March 31, 2023
^ Land cost taken at Government Valuation
# At planning stage

Future-ready, sustainable buildings

What are green buildings?

Green buildings, also known as sustainable or eco-friendly buildings, are designed to be environmentally responsible, resource-efficient, and healthy for occupants. They typically incorporate a variety of features and strategies to minimise their environmental impact and promote sustainability.



Certification and verification

Green buildings may seek certification from reputable green building rating systems such as LEED (Leadership in Energy and Environmental Design), Indian Green Building Council (IGBC), BREEAM (Building Research Establishment Environmental Assessment Method), or Green Star, which provide third-party verification of their sustainability performance. We have received a pre-certification of 'Platinum Rating' from Indian Green Building Council (IGBC), for our first project 'One Avante'. The term "Platinum IGBC Green Building Rating" refers to the highest level of certification awarded by the IGBC for green buildings in India. The IGBC offers a rating system for evaluating the sustainability and environmental performance of buildings, which includes various criteria such as site selection, water efficiency, energy efficiency, materials used, indoor environmental quality, and innovation.

Future roadmap

As we look to expand and diversify our business, we are eager to explore new opportunities for development in the real estate industry, leveraging our expertise and resources to create innovative, sustainable, and profitable properties that meet the needs of today's demand and future requirements of the consumers and investors.

Commercial, residential, IT/Data Centre, and warehousing developments are the focus of our real estate development strategy. By diversifying our portfolio, we can enter different markets and maximise our growth potential.

Our development strategy entails focusing our efforts on Pune city by leveraging our existing land parcels. These assets present a distinctive opportunity for us to embark on a comprehensive, diverse, and integrated development project, carefully designed to meet a wide range of needs.

Subsequently, we aim to expand our operations to other prominent cities in Maharashtra. By prioritising key urban centres, we aim to capitalise on the considerable demand for real estate in these regions and establish a robust presence in the market.

Our brand, our legacy, commitment to quality and on-time delivery, along with highest corporate governance standards, sustainability and green building practices will position us above conventional real estate offerings in the market. As a result, we anticipate accelerated inventory sales and a heightened competitive edge, which will contribute to the long-term growth and expansion of our real estate portfolio.

Delivering future-ready solutions contd...

Kirloskar Ferrous Industries Limited

Founded in 1991, Kirloskar Ferrous Industries Limited (KFIL) is one of India's largest castings and pig iron manufacturers.

KFIL has established itself as a reliable manufacturer and supplier of high-quality pig iron and iron castings by leveraging cutting-edge technology and maintaining a competent talent pool. KFIL focuses on a customer-centric approach to consistently deliver solutions that meet the evolving needs of diverse industries, including automotive, infrastructure, engineering, and construction.

KFIL has two main product lines, Pig Iron and Castings. The pig iron that KFIL produces is extensively utilised across several industries. Main casting products include cylinder blocks, cylinder heads and housings. These products are used across end industries like steel, tractor industry, commercial vehicles manufacturing, automobile manufacturing, engine manufacturing and so on.

To stay at the forefront of innovation, KFIL has established state-of-the-art manufacturing facilities in Koppal, Hiriyur (Karnataka), and Solapur (Maharashtra). These advanced facilities serve as the backbone of the Company's operations, enabling the creation of exceptional and differentiated products that meet the ever-evolving demands of customers.

KFIL places a strong emphasis on research and development to continually expand and diversify its product portfolio. The company's in-house R&D centre, plays a pivotal role in delivering high-quality products to customers while concurrently improving operational efficiency. Through this focus on R&D, KFIL ensures that it remains proactive in adapting to market trends and delivering what is critical to the customer.

KFIL (in ₹ crore)

Year	Total income (Standalone)
FY23	4,149
FY22	3,615
FY21	2,038
FY20	1,850
FY19	2,159

ISMT Limited

ISMT LIMITED
Solutions You Can Trust

ISMT is one of the largest integrated specialised seamless tube manufacturer in India. KFIL acquired and took management control of ISMT in March 2023.

It is one of the most diversified manufacturers of specialised seamless tubes in the world, producing tubes in the range of 6 to 273 mm outer diameter.

These tubes, characterised by their seamless structure and superior mechanical properties, are the backbone of numerous critical applications, playing a pivotal role in shaping India's industrial prowess and facilitating technological advancements across diverse sectors.

Apart from tubes ISMT is also an established market leader in the production of special engineering steels. ISMT produces carbon, alloy and martensitic stainless steel bars with a special emphasis on ultra-clean steels, free machining steels, bearing steels, and on other specially engineered steel grades.

In September 2023, KFIL and ISMT have announced a scheme of Merger. Pending regulatory approval, this proposed merger is anticipated to yield advantages such as amplified operational scale, extended market coverage, and enhanced product diversification.

Preparing our talent pool for the future

At KIL, we firmly believe that our employees are our most valuable asset. Our human capital is the collective knowledge, skills, and experience of our people, and it plays a pivotal role in achieving our strategic objectives. We recognise that attracting, developing, and retaining top talent is essential for maintaining our competitive edge in the industry. With a legacy spanning several decades, we have nurtured a talented and diverse group of individuals who embody our core values of innovation, excellence, and integrity.

Talent management

Attracting the right talent

During the year, we continued to focus on attracting top-tier talent to our organisation. We implemented a comprehensive recruitment strategy that included targeted sourcing, rigorous selection processes, and robust on-boarding programs. Our aim was to ensure that we bring in individuals who not only possess the requisite skills but also align with our Company values and culture.

Retaining talent

We have placed our trust in our employees by providing them with Employees Stock Appreciation Rights (ESARs), which has heightened their sense of ownership. This will enable their personal growth in alignment with the Company's expansion. We actively listen to our employees and foster opportunities for their involvement in cross-functional projects.

Learning and development

We understand the importance of nurturing our existing talent. We have invested significantly in employee development initiatives, including training programs, and leadership development. We partnered with Kirloskar Institute of Management to develop individuals under the Future Leaders Program. This is a structured development program aimed at nurturing potential leaders. This training has enabled the development of critical leadership skills like strategic thinking, communication and decision making. Under the Employee Development Policy, we also encourage employees to undertake part time post-graduate / online coursed to improve their knowledge and skills, which can help improve their effectiveness and performance.

Employee engagement and well-being

Maintaining a high level of employee engagement is crucial to our success. We strive to create a positive and inclusive work environment that fosters collaboration and creativity. Throughout the year, we implemented various engagement initiatives, such as regular communication channels, team-building activities, sports events, and recognition programs, to ensure that our employees feel valued and motivated.

We also recognise the importance of employee well-being. We have taken proactive steps to promote work-life balance, mental health support, and a healthy workplace culture. Our comprehensive benefits include flexible work arrangements, wellness programs and health check-ups, which demonstrate our commitment to the overall well-being of our employees.

Diversity and inclusion

At KIL, we embrace diversity and inclusion as essential elements of our human capital strategy. We believe that a diverse workforce brings together different perspectives, ideas, and experiences, leading to more innovative and effective decision making. We have implemented policies and practices that promote diversity at all levels of the organisation, including recruitment, promotion, and professional development.

46%

Female employees in the workforce

Human rights

We have a comprehensive framework of policies and processes that foster an environment where employees can share their experiences and address grievances. We uphold high standards of conduct through our Code of Conduct, POSH Policy and Whistle Blower Policy.

Ethics helpline

To ensure that employees have a platform to voice their concerns, we have implemented an Ethics Helpline. This enables employees to report issues related to integrity, while ensuring confidentiality and protection against retaliation. The KORE Learning Management System (LMS) is used to conduct sessions on POSH awareness and compliances for new and existing employees.

Our employee contributions are invaluable, and we remain focused on giving them a supportive and rewarding work environment.

Board of Directors

Mr. Satish Jamdar
Independent Director

Mr. Vijay Varma
Independent Director

Ms. Aditi Chirmule
Executive Director

Mr. Mahesh Chhabria
Managing Director

Mr. Ashit Parekh
Independent Director

Mr. Atul Kirloskar
Chairman

Mr. Anil Alawani
Non Independent Director

Mr. D. Sivanandhan
Independent Director

Mr. Tejas Deshpande
Independent Director

Mr. Vinesh Kumar Jairath
Non Independent Director

Ms. Purvi Sheth
Non-Executive
Independent Director

NOTICE

Notice is hereby given that the 29th Annual General Meeting ('AGM') of the Members of **Kirloskar Industries Limited** ('the Company') will be held on **Saturday, 12 August 2023, at 2:30 p.m**. (IST) through Video Conferencing ('VC') or Other Audio-Visual Means ('OAVM') facility, in compliance with the provisions of the Companies Act, 2013, ('the Act') and Rules made thereunder read with the General Circular Nos. 14/2020, 17/2020, 20/2020, 02/2021, 19/2021, 21/2021, 02/2022 and 10/2022 dated 8 April 2020, 12 April 2020, 5 May 2020, 13 January 2021, 8 December 2021, 14 December 2021, 5 May 2022 and 28 December 2022, respectively issued by the Ministry of Corporate Affairs (hereinafter referred to as 'MCA Circulars') and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with the SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12 May 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15 January 2021, SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13 May 2022 and SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated 5 January 2023, issued by SEBI, (hereinafter referred to as 'SEBI Circulars'), to transact the following businesses:

ORDINARY BUSINESS:

ITEM NO. 1:

To receive, consider and adopt the Audited Financial Statements (including Consolidated Financial Statements) of the Company for the Financial Year ended 31 March 2023 and the Reports of the Board of Directors and Auditors thereon.

ITEM NO. 2:

To declare a dividend of ₹ 11 per equity shares (i.e., 110 %) for the Financial Year ended on 31 March 2023.

ITEM NO. 3:

To appoint a Director in place of Mr. Mahesh Chhabria (holding DIN 00166049), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

ITEM NO. 4:

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152, read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Rules thereunder and Regulation 16(1)(b) and 25(8) including such other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory amendment, modification(s) or re-enactment thereof for the time being in force), based on the recommendation of the Nomination and Remuneration Committee and approval of the Board, the consent of the members be and is hereby accorded for the re-appointment of Mr. Satish Jamdar (holding DIN 00036653), whose period of office is liable to expire on 16 May 2023 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 and Rules thereunder, proposing his candidature for the office of Director, as an Independent Director of the Company, to hold, office for a second term up to his attaining the age of 75 years, i.e., up to 8 May 2027, with effect from 17 May 2023."

ITEM NO. 5:

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, and all other applicable provisions of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and pursuant to Regulation 17(6)(ca) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory amendments, modification(s) or re-enactment thereof for the time being in force), based on the recommendation of the Nomination and Remuneration Committee and approval of the Board, the consent of the members of the Company, be and is hereby accorded for payment of remuneration, in the nature of commission or perquisite(s) arising as a result of exercise of vested Equity Settled Stock Appreciation Rights (ESARs) granted under the 'Kirloskar Industries Limited – Employees Stock Appreciation Rights Plan 2019' (KIL ESARP 2019), to Mr. Vinesh Kumar Jairath (holding DIN 00391684), Non-Executive Director of the Company, in excess of fifty percent of the total remuneration payable to all Non-Executive Directors of the Company for the Financial Year 2023-2024.

RESOLVED FURTHER THAT Mr. Mahesh Chhabria, Managing Director, Ms. Aditi Chirmule, Executive Director, Mr. Anandh Baheti, Chief Financial Officer and Mrs. Ashwini Mali, Company Secretary of the Company, be and are hereby severally authorised to do all such acts, deeds and things which are necessary for the purpose of giving effect to this resolution."

Registered Office:
Office No. 801, Cello Platina,
8th Floor, Fergusson College Road,
Shivajinagar, Pune 411005
CIN: L70100PN1978PLC088972
Email: investorrelations@kirloskar.com

By **Order of the Board of Directors**

Sd/-
Ashwini Mali
Company Secretary

Place: Pune
Date: 23.05.2023

NOTES:

1. Ministry of Corporate Affairs allowed conducting Annual General Meeting (AGM) through Video Conferencing (VC) or Other Audio-Visual Means (OAVM) and dispensed personal presence of the members at the meeting.

   In this regard, the MCA has already issued, the General Circular Nos. 14/2020,17/2020, 20/2020, 02/2021, 19/2021, 21/2021, 02/2022 and 10/2022 dated 8 April 2020, 12 April 2020, 5 May 2020, 13 January 2021, 8 December 2021, 14 December 2021, 5 May 2022 and 28 December 2022, respectively issued by the Ministry of Corporate Affairs (hereinafter referred to as 'MCA Circulars') and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with the SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12 May 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15 January 2021, SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13 May 2022 and SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated 5 January 2023, issued by SEBI, (hereinafter referred to as 'SEBI Circulars') have prescribed the procedure and manner of conducting the AGM through VC / OAVM. In terms of the said Circulars, the 29th AGM of the members of the Company will be held through VC / OAVM.

   For detailed procedure for participating in the AGM through VC / OAVM please refer point no. 28.

2. Pursuant to the provisions of the Companies Act, 2013, (the Act), a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a member of the Company.

   Since this AGM is being held through VC / OAVM facility pursuant to the provisions of the MCA Circulars and the SEBI Circulars, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice of AGM.

3. Corporate / Institutional Member(s) intending to appoint their authorised representative(s) to attend the AGM through VC / OAVM are requested to send a duly certified copy of the Board Resolution authorising their representatives to attend and vote at the AGM, pursuant to the provisions of Section 113 of the Act and the Rules made thereunder including amendments thereof, to the Scrutinizer by email at csmsp.office@gmail.com with a copy marked to evoting@nsdl.co.in from the registered e-mail address.

4. The facility of participation at the AGM through VC / OAVM will be made available for 1,000 members on first-come-first-served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee, Auditors, etc., who are allowed to attend the AGM without the restriction on account of first-come-first-served basis.

5. VC / OAVM facility for the AGM will be made available on the date of AGM from 15 minutes before the scheduled time till end of 15 minutes after the scheduled time for 1,000 Members on first-come-first-served basis.

6. The attendance of the members attending the AGM thorough VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act and the Rules made thereunder, including amendments thereof.

7. The Statement setting out the material facts pursuant to Section 102 (1) of the Act and the Rules made thereunder, including amendments thereof, relating to the Ordinary Business No. 3 and Special Business Nos. 4 and 5 in the Notice and is annexed and forms parts of this Notice.

8. Details pursuant to Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Regulations), in respect of Directors seeking appointment / re-appointment at this AGM forms part of this Notice.

9. Pursuant to the provisions of Section 91 of the Act, the Register of Members and Share Transfer Books of the Company will remain closed from Sunday, 6 August 2023 to Saturday, 12 August 2023, (both days inclusive), for the purpose of AGM and for determining the names of members eligible for dividend on equity shares, if declared at this AGM.

10. The dividend, if declared at the AGM, will be paid to those members:

    a. whose name appear as Beneficial Owners as at the end of the business hours on 5 August 2023, in the list of Beneficial Owners to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) in respect of equity shares held in electronic form; and

    b. whose name appear as Members in the Register of Members of the Company after giving effect to valid share transfers / transmissions in physical form lodged with the Company / its Registrar and Share Transfer Agent on or before 5 August 2023.

11. Pursuant to the provisions of Sections 124 and 125 of the Act and the Rules made thereunder, any money transferred to the Unpaid Dividend Account of a company, which remains unpaid or unclaimed for a period of seven years from the date of such transfer, is required to be transferred by the Company to the Investor Education and Protection Fund (IEPF).

    Members are requested to send their claims to the Company and the Company's Registrar and Share Transfer Agent (R & T Agent), i.e., Link Intime India Private Limited, R & T Agent of the Company, if any, before the amount becomes due for transfer to the above Fund. Members are requested to encash the dividend warrant(s) immediately on the receipt by them.

Members who have not yet encashed their dividend warrant(s) are requested to make their claims without any delay to the R & T Agent. Due dates for transfer of unclaimed dividend to the IEPF are as follows:

Financial Year	Date of declaration	Date of payment	Dividend percentage (%)	Date on which dividend will become part of IEPF
2016-2017	28.08.2017	11.09.2017	200	28.09.2024
2017-2018	11.08.2018	14.08.2018	210	10.09.2025
2018-2019	08.08.2019	14.08.2019	210	10.09.2026
2019-2020	17.03.2020	30.03.2020	100	23.04.2027
2020-2021	15.05.2021	18.08.2021	100	15.09.2028
2021-2022	26.05.2022	12.08.2022	100	11.09.2029

Pursuant to the provisions of Rule 5 of the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the details of unclaimed dividend amount as on the date of AGM, (i.e., 9 August 2022) have been filed in e-Form No. IEPF–2 with the Ministry of Corporate Affairs and have been uploaded at the website of the Company, viz., www.kirloskarindustries.com

Further all the members who have not claimed or encashed their dividend in the last seven consecutive years from the year 2016-17, are requested to claim the same by 27 September 2024. In case valid claim is not received by that date, the Company will proceed to transfer the respective shares to the IEPF Account in terms of the IEPF Rules. In this regard, the Company has individually informed the members concern and also published notice in the newspapers as per IEPF Rules. The details of such members and shares due for transfer are uploaded on the website of the Company, viz., www.kirloskarindustries.com.

Transfer of equity shares to the Investor Education and Protection Fund (IEPF)

Pursuant to the provisions of IEPF (Accounting, Audit, Transfer and Refund) Rules, 2016 and its amendments thereof, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more, are required to be transferred to IEPF.

Accordingly, during the Financial Year 2022-2023, the Company has transferred 4,452 number of equity shares of ₹ 10 each, to the IEPF by way of corporate action.

Member(s) can claim the unclaimed dividend and the shares transferred to the IEPF including all benefits accruing on such shares, if any, from IEPF Authority after following the procedure prescribed by the Rules.

12. Register National Electronic Clearing Service (NECS) Mandate

Regulation 12 and Schedule I of the Regulations including amendments thereof requires all companies to use the facilities of electronic clearing services for payment of dividend. In order to get your dividend through electronic mode or NECS, members who are holding shares in physical form are requested to inform their bank account details such as the name of the bank, branch, address, account number, 9 digit MICR code, IFSC code and type of account, i.e., Savings or Current or Cash Credit etc. to R & T Agent of the Company having its office at 'Akshay' Complex, Block No. 202, 2nd Floor, Off Dhole Patil Road, Near Ganesh Temple, Pune – 411 001, (Ph. No. 020-26161629).

Members holding shares in dematerialised form are requested to inform their bank account particulars to their respective Depository Participant (DP) and not to the R & T Agent of the Company. Those members who do not opt for NECS facility may inform only bank account number and bank name for printing the same on the dividend warrant to ensure safety.

As per SEBI vide circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20 April 2018, unpaid / unclaimed dividend will be processed through electronic mode only.

13. Permanent Account Number (PAN)

SEBI has mandated the submission of PAN by every participant in securities market. Members are requested to submit their PAN to their DPs (in case of shares held in dematerialised form) or to the Company / the R & T Agent (in case of shares held in physical form).

14. Members are requested to immediately notify the R & T Agent (DP in case of shares held in dematerialised form) of any change in their correspondence address of e-mail address.

15. In case members wish to ask for any information about accounts and operations of the Company, they are requested to send their queries by providing full name, DP ID and Client ID / Folio Number and Contact Number at e-mail of the Company, viz., investorrelations@kirloskar.com at least 7 days in advance of the date of the meeting so that the information can be made available at the time of the meeting.

16. Members, who would like to ask questions during the 29th AGM with regard to the Financial Statements or any other matter to be placed at the 29th AGM, need to register themselves as a speaker by sending their request from their registered e-mail address mentioning their name, DP ID and Client ID number / Folio Number and mobile number, to reach the Company's email address, viz., investorrelations@kirloskar.com at least 4 days in advance. Those members who have registered themselves as a speaker shall be allowed to ask questions during the 29th AGM, depending upon the availability of time.

The members are requested to send their questions in advance at the time of registration as speaker at the 29th AGM. The Company reserves the right to restrict the number of questions and number of speakers, as appropriate to ensure the smooth conduct of the AGM.

17. Dematerialisation of Shares

Trading in the shares of the Company can be done in dematerialised form only. Members are requested to avail the facility of dematerialisation by opening Depository Accounts with the DPs of either NSDL or CDSL and get the equity share certificates held by them dematerialised to ensure safe and speedy transaction in securities.

18. In terms of the provisions of the Income-Tax Act, 1961, ("the Act") as amended by the Finance Act, 2020, dividend paid or distributed by a Company on or after 1 April 2020, shall be taxable in the hands of the members. Therefore, the Company shall be required to deduct Tax at Source ("TDS") at the time of payment of dividend and deposit the same to the credit of the Central Government.

Tax rate applicable to a member depends on the availability of PAN, residential status and category of members and the documents submitted by them and accepted by the Company in accordance with the applicable provisions of the Act. Accordingly, the dividend will be paid after deducting applicable TDS, if any. All members are thereby requested to update any change in PAN residential status and / or category with DPs (in case of shares held in electronic form) or with the R & T Agent (in case of shares held in physical form), as may be applicable, before the record date, i.e., 5 August 2023.

In this regard, the Company has availed the facility for online submission of tax exemption forms from the R & T Agent, wherein members can submit their tax exemption forms along with other required documents. The requisite form for claiming tax exemption can be downloaded from the website of the R & T Agent at https://www.linkintime.co.in/client-downloads.html > General > Form 15G/15H/10F and also available on the website of the Company, viz., www.kirloskarindustries.com.

In case tax on dividend is deducted at a higher rate in the absence of receipt of the specified details / documents, you would still have the option of claiming refund of the excess tax paid at the time of filing your income tax return. No claim shall lie against the Company for such taxes deducted.

Please note that the upload of documents (duly completed and signed) on the website of the R & T Agent should be done on or before 2 August 2023, in order to enable the Company to determine and deduct appropriate TDS / Withholding Tax.

Incomplete and / or unsigned forms and declarations will not be considered by the Company.

19. Share Transfer permitted only in Demat

SEBI has amended relevant provisions of the Regulations to disallow listed companies from accepting request for transfer of securities which are held in physical form, with effect from 1 April 2019. The members who continue to hold shares of listed companies in physical form even after this date, will not be able to lodge the share transfer request with the Company / R & T Agent of the Company. They will need to convert the shares to demat form compulsorily if they wish to effect any transfer. Only the requests for transmission and transposition of securities in physical form, will be accepted by the Company / the R & T Agent.

20. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned DP and holdings should be verified.

21. Members having multiple folios are requested to intimate to the Company / R & T Agent such folios, to consolidate all shareholdings into one folio.

22. In compliance with the aforesaid MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report 2022-2023, is being sent only through electronic mode to those members whose e-mail addresses are registered with the Company / DPs. Members may note that the Notice and Annual Report 2022-2023, will also be available on the Company's website www.kirloskarindustries.com, on the websites of Stock Exchanges, i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com, respectively, and on the website of NSDL https://www.evoting.nsdl.com.

23. Nomination

Pursuant to the provisions of Section 72 of the Act, read with the Companies (Share Capital and Debentures) Rules, 2014, members are entitled to make a nomination in respect of shares held by them in physical form. Members desirous of making a nomination are requested to send their requests in Form SH-13 in duplicate (which will be made available on request) to the R & T Agent of the Company.

24. Register e-mail address

Members are requested to register their e-mail addresses with the Company / the R & T Agent in case of holding of shares in physical form and with the concerned DPs in case of shares held in dematerialised form.

In order to receive the correspondence / dividend, if any, from the Company in a timely manner, members are requested to register their e-mail addresses / Bank Account details, the details of which are as under:

For shares held in Physical Form	Visit the link https://linkintime.co.in/emailreg/email_register.html > select the Company Name - Kirloskar Industries Limited and follow the registration process as guided therein. Members are requested to provide details such as Name, Folio Number, Share Certificate Number, PAN, Mobile Number and Email ID and also upload the image of Share Certificate / Aadhaar / valid Passport in PDF or JPEG format (up to 1MB) along with supporting documents. In case of any query, member can contact the R & T Agent at telephone numbers +91 (020) 26160084 / 26161629 or send email to pune@linkintime.co.in. On submission of details, One Time Password (OTP) will be received by the Member, which needs to be entered in the link for verification.
For shares held in Dematerialised Form	Kindly contact your Depository Participant (DP) for registration of updation of e-mail address(es).

The members (in case of holding shares in physical form) who have not updated their bank account details for receiving the dividend, if any, directly in their bank accounts through electronic mode, may update their bank account details through the aforesaid link by uploading the necessary documents. The members (in case of holding shares in dematerialised form) are requested to contact DPs for updating bank account details.

25. Inspection documents

Electronic copy of relevant documents referred to in the Notice and Explanatory Statement will be made available through email for inspection by the Members. Member may send an email to investorrelations@kirloskar.com for the same.

Electronic copies of necessary statutory registers and auditors' reports / certificates will be available for inspection by the members at the time of AGM.

26. Since the AGM will be held through VC / OAVM, the Route Map is not annexed to this Notice.

27. NSDL will be providing facility for voting through remote e-Voting, for participation in the 29th AGM through VC / OAVM facility and e-voting during the 29th AGM.

28. Instructions for member for remote e-voting and joining the AGM through VC / OAVM

A. Voting through electronic means (Remote e-voting / Venue e-voting)

I. In compliance with the provisions of Section 108 of the Act and Rule 20 of the Companies (Management and Administration) Rules, 2014 and as amended from time to time, Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirments) Regulations, 2015, including amendments thereof and Secretarial Standard on General Meetings (SS2) issued by the Institute of Company Secretaries of India, including amendments thereunder and MCA Circulars, the Company is providing facility of remote e-voting to its members in respect of the business to be transacted at the 29th AGM. For this purpose, the Company has entered into an agreement with NSDL for facilitating voting through electronic means, as the authorised agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the AGM will be provided by NSDL.

II. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM through VC / OAVM but shall not be entitled to cast their vote again.

III. THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:

The remote e-voting period begins on **Wednesday, 9 August 2023 at 9:00 A.M. (IST)** and ends on **Friday, 11 August 2023 at 5:00 P.M. (IST)**. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e., Saturday 5 August 2023, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 5 August 2023.

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

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

Step 1: Access to NSDL e-Voting system

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

In terms of SEBI circular No. SEBI/HO/CFO/CMO/CIR/P/2020/242 dated December 9, 2020, on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

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

Type of shareholders	Login method
Individual shareholders holding securities in demat mode with NSDL	1. Existing **IDeAS** user can visit the e-Services website of NSDL viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the **"Beneficial Owner"** icon under **"Login"** which is available under **'IDeAS'** section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on **"Access to e-Voting"** under e-Voting services and you will be able to see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting 2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select **"Register Online for IDeAS Portal"** or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp. 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e., NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 4. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience. **NSDL Mobile App is available on** App Store Google Play
Individual shareholders holding securities in demat mode with CDSL	1. Existing users who have opted for CDSL Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-voting page without any further authentication. The users to login Easi/Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon and New System Myeasi tab and then user your existing my easi username & password. 2. After successful login of Easi / Easiest the user will be also able to see the e-voting option for eligible companies where the e-voting is in progress as per the information provided by the Company. On clicking the e-voting option, the user will be able to see e-voting page of the e-voting service provider for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting. Additionally, there is also a link provided to access the system of all e-voting service providers, so that the user can visit the e-voting service providers website directly. 3. If the user is not registered for easi/easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access e-voting page by providing Demat Account Number and PAN No. from a e-voting link on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile and Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-voting option where the e-voting is in progress and also able to directly access the system of all e-voting service providers.
Individual shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL / CDSL for e-voting facility. Once login, you will be able to see e-voting option. Once you click on e-voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-voting feature. Click on options available against company name or e-voting service provider-NSDL and you will be redirected to **e-voting website of NSDL** for casting your vote during the remote e-voting period or joining virtual meeting and voting during the meeting.

Important Note: Members who are unable to retrieve User ID / Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

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

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

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

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

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

   Alternatively, if you are registered for NSDL eservices, i.e., IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-voting and you can proceed to Step 2, i.e., Cast your vote electronically.
4. Your User ID details are given below:

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

5. Password details for shareholders other than individual shareholders are given below:

a) If you are already registered for e-voting, then you can use your existing password to login and cast your vote.

b) If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

c) How to retrieve your 'initial password'?

(i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment, i.e., a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

(ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

a) Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

b) **Physical User Reset Password?** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number / folio number, your PAN, your name and your registered address etc.

d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, home page of e-voting will open.

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

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

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.

2. Select "EVEN" of company for which you wish to cast your vote during the remote e-voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC / OAVM" link placed under "Join General Meeting".

3. Now you are ready for e-voting as the Voting page opens.

4. Cast your vote by selecting appropriate options, i.e., assent or dissent, verify / modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

5. Upon confirmation, the message "Vote cast successfully" will be displayed.

6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders, (i.e., other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF / JPG Format) of the relevant Board Resolution / Authority letter etc., with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer by e-mail to csmsp.office@gmail.com with a copy marked to evoting@nsdl.co.in.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details / Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

3. In case of any query, you may refer the Frequently Asked Questions (FAQs) for Shareholder e-voting user manual for shareholder available on the website www.evoting.nsdl.com or call on: 022-48867000 and 022-24997000 or send a request to Ms. Prajakta Pawle at evoting@nsdl.co.in.

   Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this Notice:

   1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to investorrelations@kirloskar.com.

   2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), name of shareholder, client master or copy of Consolidated Account Statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to investorrelations@kirloskar.com. If you are

an individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A)** i.e., Login method for e-voting and joining virtual meeting for individual shareholders holding securities in demat mode.

3. Alternatively, shareholder / members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.

4. In terms of SEBI circular dated December 9, 2020, on e-voting facility provided by listed companies, individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-voting facility.

IV. INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:

1. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

2. Only those members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM.

3. Members who have voted through Remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

4. The details of the person who may be contacted for any grievances connected with the facility for e-voting on the day of the AGM shall be the same person mentioned for remote e-voting.

B. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC / OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC / OAVM through the NSDL e-voting system. Members may access by following the steps mentioned above for **Access to NSDL e-voting system**. After successful login, you can see link of "VC / OAVM link" placed under "**Join General Meeting**" menu against company name. You are requested to click on VC / OAVM link placed under Join General Meeting menu. The link for VC / OAVM will be available in Shareholder / Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the notice to avoid last minute rush.

2. Members are encouraged to join the Meeting through laptops for better experience.

3. Further members will be required to allow Camera and use internet with a good speed to avoid any disturbance during the meeting.

4. Please note that participants connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience Audio Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name, demat account number / folio number, email id, mobile number at investorrelations@kirloskar.com. The same will be replied by the Company suitably.

6. Members, who would like to ask questions during the 29th AGM with regard to the Financial Statements or any other matter to be placed at the 29th AGM , need to register themselves as as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID number / Folio number and mobile number, to reach the Company's email address, viz., investorrelations@kirloskar.com at the least 4 days in advance before the start of the 29th AGM , i.e. 8th August 2023, by 2:30 PM IST. Those members who have registered themselves as a speaker shall be allowed to ask questions during the 29th AGM, depending upon the availability of time.

   The members are requested to send their questions in advance at the time of registration as speaker at the 29th AGM. The Company reserves the right to restrict the number of questions and number of speakers , as appropriate to ensure the smooth conduct of the AGM.

29. You can also update your mobile number and e-mail ID in the user profile details of the Folio, which may be used for sending future communication(s).

30. The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on **5 August 2023**.

31. Any person, who acquires shares of the Company and becomes member of the Company after the Notice is sent through e-mail and holding shares as of the **cut-off date**, i.e., **Saturday, 5 August 2023**, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or issuer or R & T Agent.

However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details / Password" option available on www.evoting.nsdl.com or call on toll free no. 1800-222-990 or 1800 22 44 30.

In case of individual shareholders holding securities in demat mode who acquires shares of the Company and becomes a member of the Company after sending of the Notice and holding shares as of the cut-off date i.e., 5 August 2023, may follow steps mentioned in the Notice of the AGM under "Access to NSDL e-Voting system".

32. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the DPs as on the **cut-off date**, i.e., **5 August 2023**, only shall be entitled to avail the facility of remote e-voting as well as e- voting at the AGM.

33. A person who is not a member as on the cut-off date should treat this notice for information purpose only.

34. Mrs. Manasi Paradkar, Practising Company Secretary, Pune, (Membership No. FCS 5447 CP No. 4385) has been appointed as the Scrutinizer to scrutinize the voting at the AGM and remote e-voting process in a fair and transparent manner.

35. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of "e-voting facility availed from NSDL" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

36. The Scrutinizer shall after the conclusion of e-voting at the AGM, will unblock the votes cast through remote e-voting / e-voting at the time of AGM, not later than 48 hours of the conclusion of the AGM, a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same and declare the result of the voting forthwith.

37. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.kirloskarindustries.com and on the website of NSDL www.evoting.nsdl.com immediately after the declaration of result by the Chairman or a person authorised by him in writing. The results shall also be immediately forwarded to the Stock Exchanges, viz., BSE Limited and National Stock Exchange of India Limited.

Registered Office:
Office No. 801, Cello Platina,
8th Floor, Fergusson College Road,
Shivajinagar, Pune 411005
CIN: L70100PN1978PLC088972
Email: investorrelations@kirloskar.com

By **Order of the Board of Directors**

Sd/-
Ashwini Mali
Company Secretary

Place: Pune
Date: 23 May 2023

ANNEXURE TO THE NOTICE

STATEMENT OF MATERIAL FACTS ANNEXED TO THE NOTICE PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND REGULATION 36 (3) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

ITEM NO. 3 OF THE NOTICE:

Mr. Mahesh Chhabria (holding DIN 00166049) retires by rotation and being eligible, offers himself for re-appointment.

Mr. Mahesh Chhabria is the Managing Director of the Company.

Mr. Mahesh Chhabria (Aged 58 years) is a dedicated, focused and accomplished professional with over 33 years of experience in the financial services industry.

In these 31 years, he worked with investment banks, private equity funds and has been an Independent Director of several companies. He has been appointed as the Managing Director of the Company since 4 July 2017, by the members in the Annual General Meeting held on 28 August 2017. Prior to this, he worked as a partner with Actis, where he was responsible for advising Actis Global LLP, a leading private equity fund in the emerging market space, to invest their money in growth capital and buy out businesses in India.

Mr. Mahesh Chhabria previously worked at 3i India, where he was a partner in the firm's Growth Capital Group and the lead partner globally for the Healthcare sector, heading up and contributing to 3i investments in India and international markets. Before making the move to private equity in 2006, Mr. Mahesh Chhabria was co-head of investment banking at Enam, one of the leading domestic investment banks in India. He is a regular Speaker at various industry forums and occasionally contribute to some Indian business publication. He holds a Bachelor of Commerce from the University of Mumbai and is an Associate Member of the Institute of Chartered Accountants of India.

He is a relationship builder with strong communication and inter-personal skills, with an extensive network of contacts, associates and friends at all levels in the financial service sectors, corporates, professional, legal and accounting firms, media and select regulatory bodies.

Mr. Mahesh Chhabria shall continue to hold his office of Managing Director and the re-appointment as such director shall not be deemed to constitute a break in his office of Managing Director.

He is a member of the Risk Management Committee.

Mr. Mahesh Chhabria is also a Director in the following other companies:

Name of the Company	Board position held	Committee membership
Kirloskar Oil Engines Limited	Director	1. Audit Committee – Member 2. Nomination and Remuneration Committee – Member
Kirloskar Ferrous Industries Limited	Director	1. Investment Committee – Member
ZF Commercial Vehicle Control Systems India Limited (earlier known as Tube Investments of India Limited)	Independent Director	1. Audit Committee – Chairman 2. Nomination and Remuneration Committee – Member 3. Risk Management Committee – Member
Kirloskar Proprietary Limited	Director	1. Remuneration Committee – Member
Arka Fincap Limited	Director	1. Audit Committee – Chairman 2. Nomination and Remuneration Committee – Member 3. Risk Management Committee – Member 4. Allotment Committee – Chairman 5. Asset Liability Committee – Member 6. Credit Committee - Member 7. Stakeholder Relationship Committee – Member 8. IT Strategy Committee - Member
Kirloskar Pneumatic Company Limited	Director	1. Nomination and Remuneration Committee – Member
Shoppers Stop Limited	Director	1. Audit Committee - Chairman 2. Stakeholders' Relationship Committee – Member 3. Risk Management Committee - Chairman 4. Corporate Social Responsibility Committee - Member
Arka Financial Holdings Private Limited	Director	1. Audit Committee – Chairman 2. Nomination and Remuneration Committee – Member 3. Risk Management Committee – Member 4. Committee of Director Committee – Member 5. Banking Committee – Member
Kirloskar Management Services Private Limited	Additional Director	NA

Mr. Mahesh Chhabria is holding 1,13,064 (1.14%) equity shares of the Company.

He attended all seven meetings of the Board of Directors held during the Financial Year 2022-2023.

He is not related to any other Director or Key Managerial Personnel of the Company.

Save and except, Mr. Mahesh Chhabria and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise in the said Resolution.

The Board recommends the Ordinary Resolution set out at Item No. 3 of the Notice for approval by the members.

ITEM NO. 4 OF THE NOTICE:

The members of the Company in its meeting held on 11 August 2018, appointed Mr. Satish Jamdar (holding DIN 00036653) as an Independent Director for a term of 5 years by the members of the Company. His term is valid up to 16 May 2023. Mr. Satish Jamdar is associated with the Company for over 5 years as a Board Member, he made significant contribution towards guiding the Company on various strategic, financial, legal, compliance and business issues and that the Company benefited immensely because of his vast experience. The Board of Directors based on the performance evaluation of Independent Directors and based on recommendation of the Nomination and Remuneration Committee and subject to the approval of the members of the Company, considered reappointment of Mr. Satish Jamdar as an Independent Director of the Company for a second term up to his attaining the age of 75 years, i.e., upto 8 May 2027, with effect from 17 May 2023, pursuant to the provisions of Section 149 of the Companies Act, 2013, (including other applicable provisions, if any) and Rules thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereunder.

Mr. Satish Jamdar (aged 71 years), BE (Mech.) from IIT, Mumbai, with a vast experience of 43 years, held leadership positions in several organisations. He completed his management studies in USA and UK. He was an Executive Director on the Board of Blue Star for 13 years of which the last 7 years were as the Managing Director. He retired from Blue Star as Managing Director in March and as Special Advisor in May 2016.

He is a member of the Nomination and Remuneration Committee and Chairman of Audit Committee and Risk Management Committee.

Mr. Satish Jamdar is also a Director in the following other companies:

Name of the Company	Board position held	Committee membership
Kirloskar Oil Engines Limited	Independent Director	1. Audit Committee – Member 2. Nomination and Remuneration Committee - Chairman 3. Risk Management Committee – Member
Avante Spaces Limited	Director	1. Audit Committee – Chairman 2. Nomination and Remuneration Committee - Chairman

He is not disqualified from being appointed as director in terms of Section 164 of the Companies Act, 2013, and Rules thereunder including amendments thereto and has given his consent to act as director.

The Company has also received declaration from Mr. Satish Jamdar that he meets with the criteria of Independence as prescribed under Sub-section (6) of Section 149 of the Companies Act, 2013 and Rules thereunder and Regulation 16 (1) (b) and 25 (8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereto.

The Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing the candidature of Mr. Satish Jamdar for the office of Director of the Company.

The Board is of the opinion that Mr. Satish Jamdar fulfils the conditions specified in the said Act and the Rules thereunder and also possess requisite expertise and experience (including the proficiency) and he is a person of high integrity and repute so as to enable the Board to discharge its functions and duties effectively and he is independent of the management.

Mr. Satish Jamdar meets the following skills and capabilities required for the role as an Independent Director, as have been identified by the Board of Directors of the Company:

1. Strategic planning and risk management;

2. Finance

3. Risk

4. Corporate Restructuring

5. Infrastructure planning and development.

The Board considers that his experience and expertise would be of immense benefit to the Company and it is desirable to avail services of Mr. Satish Jamdar as an Independent Director for a second term up to his attaining the age of 75 years, i.e., upto 8 May 2027, with effect from 17 May 2023. Copy of the draft letter for appointment of Mr. Satish Jamdar as an Independent Director setting out the terms and conditions is available for inspection by members at the website of the Company, viz., www.kirloskarindustries.com.

Mr. Satish Jamdar is holding 0 (0.00%) equity shares of the Company.

He attended seven meetings of the Board of Directors held during the Financial Year 2022-2023.

The Statement may also be regarded as a disclosure under Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. He is not related to any other Director or Key Managerial Personnel of the Company.

Save and except, Mr. Satish Jamdar and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise in the said Resolution.

In terms of Section 149 of the Companies Act, 2013, including Rules thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board recommends the Special Resolution set out at Item No. 4 of the Notice for approval by the members.

ITEM NO. 5 OF THE NOTICE:

The Nomination and Remuneration Committee (the Committee) in its meeting held on 30 January 2020, granted 33,000 Equity Settled Stock Appreciation Rights (ESARs) under the 'Kirloskar Industries Limited – Employees Stock Appreciation Rights Plan 2019' (KIL ESARP 2019) to Mr. Vinesh Kumar Jairath, (holding DIN 00391684), Non-Executive Director of the Company, on the following terms and conditions:

Sr. No.	Particulars	Description		
1	Vesting	**Dates of vesting**	**ESAR due for vesting**	**Vesting condition(s)**
		At the end of 12 months from the date of grant, i.e., on or after 30 January 2021.	50% of ESAR granted.	• Continued employment with the Company on relevant date of vesting; and • Nomination and Remuneration Committee may specify certain performance criteria.
		At the end of 24 months from the date of grant, i.e., on or after 30 January 2022.	30% of ESAR granted.	
		At the end of 36 months from the date of grant, i.e., on or after 30 January 2023.	20% of ESAR granted.	
2	Exercise Price - ₹ 500			
3	Exercise - The vested ESARs shall be exercisable within 5 years from the date of vesting of ESARs.			

Further, as per the aforesaid terms and conditions, the Committee in its meeting held on 5 February 2021, 3 February 2022 and 11 February 2023, vested 16,500 ESARs, 9,900 ESARs and 6,600 ESARs respectively, under the KIL ESARP 2019, to Mr. Vinesh Kumar Jairath, (holding DIN 00391684), Non-Executive Director of the Company.

Mr. Vinesh Kumar Jairath exercised 11,400 ESARs vested in him during the Financial Year 2022-2023.

If Mr. Vinesh Kumar Jairath exercises all balance vested ESARs in different tranches at different points of time during the Financial Year 2023-2024, it is likely to create a perquisite in the hands of Mr. Vinesh Kumar Jairath to the extent of difference between the market price on the date of exercise and exercise price of the ESARs so vested, during the Financial Year 2023-2024.

In case of exercise of vested ESARs by Mr. Vinesh Kumar Jairath, value of perquisite arising out of ESARs coupled with the commission paid to him as a director, for the Financial Year 2023-2024, may result in his remuneration exceeding 50% (fifty percent) of the total remuneration payable to all Non-Executive Directors of the Company.

It may be noted that pursuant to the provisions of Regulation 17(6)(ca) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, approval of members is required in case the annual remuneration payable to a single Non-Executive Director exceeds 50% (Fifty percent) of the total remuneration payable to all Non-Executive Directors.

In view of the above, on the recommendations of the Committee, the Board of Directors of the Company in its meeting held on 23 May 2023, approved a proposal for seeking consent of the members for payment of remuneration to Mr. Vinesh Kumar Jairath, in the nature of commission or perquisites arising as a result of exercise of ESARs, which may exceed 50% (fifty percent) of the total remuneration payable to all Non-Executive Directors of the Company for the Financial Year 2023-2024.

Disclosure as required under Secretarial Standards - 2 is given below:

Name	Mr. Vinesh Kumar Jairath
DIN	00391684
Date of Birth	27 December 1958
Date of first appointment on the Board	4 July 2017
Brief Resume, age and nature of expertise in specific functional areas	Mr. Vinesh Kumar Jairath (Aged 64 years) joined Indian Administrative Service in 1982. He was a Member of Indian Administrative Services. He has a Masters in Development Economics from the University of Manchester, U.K. He holds Bachelor of Arts Degree in Public Administration and Bachelor of Laws Degree, both, from the Punjab University. He served as the Principal Secretary of Industries at Government of Maharashtra until 2008. He has over 25 years of experience in public administration, rural development, poverty alleviation, infrastructure planning and development and infrastructure financing, finance, industry, urban development, environmental management, while occupying various important positions in the Government of India and the State Government of Maharashtra. He had served as Joint Managing Director at Indiabulls Real Estate Limited from September 29, 2014 to October 02, 2015 and also as an Advisor on Indiabulls Real Estate Limited.
Shareholding in the Company either directly or in form of beneficial interest for any other person	18,380 equity shares
Relationship with other Directors and Key Managerial Personnels	None
No. of meetings of the Board attended during the year	Mr. Vinesh Kumar Jairath attended all seven meetings of the Board of Directors during Financial Year 2022-2023
Directorships and Membership / Chairmanship of Committees of other companies	(see table below)

Name of the Company	Board position held	Committee membership
Kirloskar Oil Engines Limited	Director	1. Audit Committee – Member
The Bombay Dyeing and Manufacturing Company Limited	Independent Director	1. Audit Committee – Member 2. Risk Management Committee – Chairman 3. Corporate Social Responsibility Committee – Member 4. Nomination and Remuneration Committee – Chairman 5. Right Issue Committee - Member 6. Strategic Committee – Member
Wockhardt Limited	Independent Director	1. Audit Committee – Member 2. Stakeholders' Relationship Committee – Member 3. Capital Raising Committee - Member
The Bombay Burmah Trading Corporation Limited	Independent Director	1. Audit Committee – Member
Go Airlines (India) Limited	Director	1. Audit Committee – Member 2. Nomination and Remuneration Committee – Chairman 3. Risk Management Committee – Chairman 4. Stakeholders' Relationship Committee – Member 5. Corporate Social Responsibility Committee – Member
Avante Spaces Limited (earlier known as Wellness Space Developers Limited)	Managing Director	1. Risk Management Committee – Member 2. Nomination and Remuneration Committee - Member
Kirloskar Management Services Private Limited	Additional Director	NA

Remuneration sought to be paid	As per the attached resolution to be read along with explanatory statement.
Terms and conditions of appointment / re-appointment	Not applicable

He is not related to any Director / Key Managerial Personnel of the Company.

Save and except, Mr. Vinesh Kumar Jairath and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise in the said Resolution.

The Board recommends the Special Resolution set out at Item No. 5 of the Notice for approval by the members.

Registered Office:
Office No. 801, Cello Platina,
8th Floor, Fergusson College Road,
Shivajinagar, Pune 411005
CIN: L70100PN1978PLC088972
Email: investorrelations@kirloskar.com

By **Order of the Board of Directors**

Sd/-
Ashwini Mali
Company Secretary

Place: Pune
Date: 23 May 2023

Board's Report for Financial Year 2022-2023

To The Members,

The Directors have pleasure in presenting this 29th Annual Report with the Audited Annual Accounts of the Company for the year ended 31 March 2023.

I. FINANCIAL PERFORMANCE (STANDALONE):

(₹ in Crores)

Particulars	2022-2023	2021-2022
Total Income	118.33	102.67
Total Expenditure	24.91	22.57
Profit before exceptional items and taxation	93.42	80.10
Profit before taxation	93.42	80.10
Provision for tax (including Deferred Tax)	19.33	19.25
Net Profit	74.09	60.85
Balance of Profit / (Loss) from previous year	592.82	541.66
Less: Re-measurement of defined benefit plans (net of Taxes)	(0.12)	0.02
Add: Transfer from Other Comprehensive Income on account of sale of shares of Swaraj Engines Limited	295.66	-
Dividend paid on equity shares:		
Final Dividend	9.81	9.71
Profit available for appropriation*	952.64	592.82
Balance carried to Surplus in Statement of Profit and Loss	952.64	592.82

* On account of the sale of shares of Swaraj Engines Limited

II. DIVIDEND:

Your Directors recommend 110 % dividend, i.e., ₹ 11 per equity share of ₹ 10 each (Previous year dividend 100%, i.e., ₹ 10 per equity share of ₹ 10 each) for the Financial Year ended 31 March 2023.

In terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, including amendments thereunder, the Company has adopted the Dividend Distribution Policy. A copy of the same is available at the website of the Company, viz. www.kirloskarindustries.com.

III. CLASSIFICATION OF THE COMPANY AS AN UNREGISTERED CORE INVESTMENT COMPANY (CIC):

The Company is an 'Unregistered CIC' regulated by the Reserve Bank of India (RBI), which cannot access public funds and is complying with all the regulations required for an 'Unregistered CIC'.

IV. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

A. OPERATIONS OF THE COMPANY:

WINDMILLS:

The Company has seven Wind Energy Generators (WEGs) in Maharashtra with a total installed capacity of 5.6 Megawatt (MW). The WEGs are located at Tirade Village, Tal. Akole, Dist. Ahmednagar.

The WEGs have generated net wind energy of around 0.84 Crores units of electricity in the period under review as against 0.82 Crores units of electricity in the previous year showing an increase of 2.38 % over the previous year.

During the year under review and till the date of this Report, all WEGs were operational at desired Prime Load Factor.

The Company has obtained Open Access Permission from Maharashtra State Electric Distribution Company Limited (MSEDCL) and is selling the wind power units generated to a leading electric power distribution company which has ensured regular monthly revenue realisation. All windmills are registered with the National Load Despatch Centre (NLDC) and are eligible for the Renewable Energy Certificates (RECs).

During the year, the Company has also sold 8,174 RECs, which has resulted in revenue of ₹ 0.82 Crores (previous year ₹ 0.88 Crores). The Company is holding 8,226 unsold RECs as on 31 March 2023.

The management has decided to focus on its real estate business and that of its wholly-owned subsidiary and optimize returns on its investment portfolio. In view of the same, the management is desirous of monetizing its assets through the sale and transfer of its Windmill Business on a going concern basis, in compliance with the provisions of the Companies Act, 2013 and other applicable laws.

In view of the same, the Audit Committee and the Board has considered and approved the sale of the windmills business of the Company to ISMT Limited, a related party of the Company subject to the requisite governmental, statutory and regulatory approvals, required to be obtained by the Company and / or purchaser, as applicable, including but not limited to the approval from the Ministry Energy Development Agency (MEDA) and Maharashtra State Electricity Distribution Company Limited (MSEDCL), as the case maybe, for consummating the said transaction, in its meeting held on 23 May 2023.

REAL ESTATE ACTIVITIES:

The Company had entered into a Business Transfer Agreement (BTA) with Avante Spaces Limited (Avante) in 2020.

In terms of the BTA, Avante had allotted 6,00,00,000 Unsecured Optionally Convertible Debentures (OCDs) of ₹ 10/- each to the Company, for a consideration other than cash amounting to ₹ 60,00,00,000 (Rupees Sixty Crores Only).

The OCDs were convertible at the discretion of the Avante. The Board of Directors of Avante in its meeting held on 25 April 2023, approved the conversion of 6,00,00,000 OCDs of ₹ 10 each into 27,24,868 fully paid equity shares of Avante of face value of ₹ 10/- each at the price / value of ₹ 253.64 per share, subject to compliance with the applicable provisions of the Companies Act, 2013.

Your Company transferred its ‘Real Estate Business Undertaking at Kothrud’ on a going concern basis by way of a ‘Slump Sale’ to ASL, for a lump sum consideration of ₹75 Crores, by executing the Business Transfer Agreement (BTA) in December 2020. ASL has made good progress in the last three years on the multi-use project development in Kothrud. The WIP on the books of Avante is over ₹ 283 Crores and it has sold 1.19 lakh sq. ft. area in "One Avante" commercial project for ₹ 233 Crores. Thus, assets adjusted for all the liabilities are now valued at ₹ 190.48 Crores and per share value is ₹ 253.64 per share.

The Audit Committee and the Board of Directors have considered the proposal of Avante for conversion of the unsecured OCDs into fully paid equity shares of Avante in their respective meeting held on 23 May 2023, the Company will hold 1,02,34,868 equity shares of Avante with a face value of ₹ 10/- each.

OTHERS:

The Company owns lands and buildings thereon and apartments and offices in Pune, New Delhi and Jaipur. The Company has given most of these lands and buildings and offices on leave and license basis to group and other companies which generated revenue of ₹ 27.19 Crores (₹ 27.08 Crores as on 31 March 2022). We are assessing the leased asset portfolio from monetization and potential development opportunities.

The Company was the promoter of Swaraj Engines Limited (SEL) along with Mahindra & Mahindra Limited (M&M) which held 42,16,792 equity shares representing 34.70% of the paid-up capital of SEL. Since M&M controlled the business of SEL and the equity shares of SEL were not part of the core holding of the Company and were illiquid, the Company decided to divest its shareholding in SEL by selling it through an off market transaction to M&M.

The Company sold its entire shareholding, i.e., 21,14,349 equity shares representing 17.41% of the paid-up equity share capital of SEL, to M&M at a price of ₹ 1,400 per equity share amounting to an aggregate of approximately ₹ 296 crores and booked a profit of ₹ 278 crores. This transaction was an off-market inter se transfer between the promoters under Regulation 10(1)(a)(ii) of the SEBI (Securities and Exchange Board of India (SEBI) (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

The Company has also applied for re-classification of the Company from “Promoter” Category to "Public” category shareholder of SEL pursuant to the provisions of Regulation 31A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Regulations).

The Company holds only 683 equity shares of Cummins India Limited (Cummins) and the Company has applied for re-classification of the Company from “Promoter” category to “Public” category shareholder of Cummins pursuant to the provisions of Regulation 31A of the Regulations.

The Company invested ₹ 78.28 Crores to acquire 4.99% stake in ISMT Limited. (step-down subsidiary of your Company being a subsidiary of KFIL which is a subsidiary of your Company). The Company continues to invest its surplus funds in fixed deposits and mutual funds. These investments stood at ₹ 223.03 Crores as on 31 March 2023 (previous year ₹ 11.83 Crores). The Company being CIC, the Company can deploy these funds only in investment in group companies and / or towards real estate business directly or through its subsidiary.

B. RAISING OF FUNDS THROUGH PREFERENTIAL ALLOTMENT

On the recommendations of the Audit Committee and with the approval of the Board, the members of the Company approved the Special Resolution set out in the Notice of Postal Ballot dated 27 February 2023 read with Corrigendum dated 15 March 2023, for the allotment of 4,55,580 Warrants Convertible into Equity Shares (2,27,790 Warrants to Mr. Atul Kirloskar and 2,27,790 Warrants Mr. Rahul Kirloskar (Allottees) at a price of ₹ 2,195 each) on 29 March 2023.

The Allottees have the option to convert the Warrants into an equal number of Equity Shares within 18 months from the date of allotment.

Post receipt of required approvals for issuance of aforesaid securities, the Stakeholders Relationship Committee in its meeting held on 27 April 2023, allotted 4,55,580 Warrants Convertible into Equity Shares (2,27,790 Warrants to Mr. Atul Kirloskar and 2,27,790 Warrant Mr. Rahul Kirloskar at a price of ₹ 2,195 each). The Allottees have paid 25% of the issue price amounting to ₹ 12.50 Crores each and the balance of 75% amounting to ₹ 37.49 Crores each of the issue price of the Warrants is payable on or before the exercise of the right to subscribe for shares attached to the warrants within 18 months from the date of allotment. Upon receipt of the balance 75% of the issue price, the Warrants shall be converted into Equity Shares having face value of ₹ 10/- each.

C. COMPANY PERFORMANCE:

During the year under review, your Company earned a total income of ₹ 118.33 Crores (previous year ₹ 102.67 Crores).

During the year under review, the Company received total dividend of ₹ 68.72 Crores (previous year ₹ 65.70 Crores) declared by the investee companies.

The Profit Before Tax (PBT) is at ₹ 93.42 Crores (previous year ₹ 80.10 Crores). The substantial increase in the PBT is mainly due to the receipt of the dividend on its investments at a higher rate.

D. HUMAN RESOURCES:

As on 31 March 2023, the Company had 28 employees (previous year 25 employees) on its roll including employees of its wholly-owned subsidiary company. It includes the Managing Directors and the Executive Director.

E. KIRLOSKAR INDUSTRIES LIMITED – EMPLOYEES STOCK APPRECIATION RIGHTS PLAN 2019:

The 'Kirloskar Industries Limited – Employees Stock Appreciation Rights Plan 2019' (KIL ESARP 2019) was introduced in accordance with the SEBI guidelines for the employees of the Company and its subsidiaries. The Company obtained in-principle approval for the KIL ESARP 2019 from BSE Limited and National Stock Exchange of India Limited on 3 December 2020 and 19 January 2021, respectively. KIL ESARP 2019 is administered by the Nomination and Remuneration Committee of the Board of Directors of the Company.

KIL ESARP 2019 is in compliance with the applicable provisions of the Companies Act, 2013, and its Rules, SEBI (Share Based Employees Benefits Regulations, 2014), read with, SEBI (Share Based Employees Benefits and Sweat Equity Regulations, 2021) (Employee Benefits Regulations) and other applicable Regulations. A certificate from Mr. Mahesh J. Risbud, Practicing Company Secretary, (FCS 810 CP 185), Pune, Secretarial Auditors of the Company, confirming that the KIL ESARP 2019, has been implemented in accordance with Employees Benefits Regulations and in accordance with the Special Resolution passed by the Company through Postal Ballot on 29 December 2019, and further amended by the Board of Directors in its meeting held on 3 February 2022. A copy of the same will also be available for inspection at the Company's Registered Office.

Under the KIL ESARP 2019, the Company has granted to date a total of 4,84,498 Equity Settled Stock Appreciation Rights (ESARs) at an exercise price of ₹ 500 per ESAR to eligible employees including the Managing Director, the Executive Director, a Non-Executive Director of the Company and employees of Avante Spaces Limited, a wholly-owned subsidiary company of the Company.

Pursuant to KIL ESARP 2019, ESARs granted shall vest after a minimum period of 1 year but not later than a maximum period of 4 years from the grant date of such ESARs.

During the year under review, the Company granted 37,600 ESARs to eligible employees and the Non-Executive Director of the Company under the KIL ESARP 2019.

During the year under review, the Company had vested 1,18,289 ESARs, in the employees of the Company, including the Managing Director and Executive Director; and in the Non-Executive Director of the Company, who is the Managing Director of Avante to whom ESARS were granted under the KIL ESARP 2019.

Details of KIL ESARP 2019, as required under Rule 12 (9) of the Companies (Share Capital and Debentures) Rules, 2014, read with Regulation 14 of Employees Benefits Regulations, as on 31 March 2023, are set out in 'Annexure I' to this Report and are available on the Company's website at www.kirloskarindustries.com.

The members of the Company approved the amendment to the KIL ESARP 2019 by increasing Employee Stock Appreciation Rights (ESARs) by 3,00,000 from 4,85,000 ESARs to 7,85,000 ESARs to the existing ESAR pool and the amendment of Clause 8.1 of the KIL ESARP 2019, changing the percentage of discount from 40% to 50%.

F. CONCERNS AND THREATS:

The Board of Directors has constituted a Risk Management Committee (the Committee) to identify the risks, mitigate the same and monitor the development and deployment of risk mitigation action plans for the businesses of the Company.

The Company has deployed a risk management process that includes risk identification, assessment and its treatment, mitigation, monitoring, and reviewing actions. The Company prioritises and manages the risks identified through its Risk Registers.

The Committee regularly presents the risk assessment and mitigation procedures adopted to assess the reliability of the risk management structure and efficiency of the process before the Audit Committee and the Board of Directors of the Company at their respective meetings.

The Committee meets every quarter, discusses all the mapped risks, evaluates future risks and reviews the mitigation plan for the identified risks for all business segments.

G. PROSPECTS:

The real estate sector has performed remarkably in the last financial year and even the elevated inflation and recent interest rate hikes have not shown any major impact on the real estate sector. We see marked improvement in the prospects of real estate as volume and pricing is witnessing an uptick across geographies. While commodity price inflation is a short-term risk, we believe the improving dynamics of real estate will offset the headwind from rise in commodity prices.

The sector is likely to continue to strengthen in the quarters ahead and we will be focused on opportunities for development of own land parcels and new project acquisitions. A consolidation in the real estate sector is expected to continue, leading to an increase in the market share of branded organized players such as your Company.

Your company will be guided by superior long-term shareholder value growth in all its endeavours by maximizing returns through timely execution, optimal financing and fiscal discipline.

H. INTERNAL CONTROLS SYSTEM AND THEIR ADEQUACY:

The Company has in place an adequate internal controls system to ensure operational efficiency, accuracy, and promptness in financial reporting and compliance with various laws and regulations.

The internal controls system is supported by the internal audit process. An Internal Auditor has been appointed for this purpose. The Audit Committee of the Board reviews the Internal Audit Report and the adequacy and effectiveness of internal controls periodically.

I. CAUTIONARY STATEMENT:

Statements in this Report, particularly those which relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates, and expectations may constitute 'forward-looking statements' within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied.

J. SEBI REGULATIONS AND LISTING FEES:

The annual listing fees for the year under review have been paid to the BSE Limited and the National Stock Exchange of India Limited, where your Company's shares are listed.

K. DETAILS OF MATERIAL SUBSIDIARY:

In terms of the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Regulations), Kirloskar Ferrous Industries Limited (KFIL) is a material subsidiary of the Company, in which, the Company holds 50.84% of its total shareholding as on 31 March 2023.

During the year under review, KFIL has not sold / disposed off and leased assets more than 20% of its assets.

L. SUBSIDIARY COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS:

As on 31 March 2023, the Company has the following subsidiaries:

1. Avante Spaces Limited, a Wholly-owned Subsidiary Company;
2. Kirloskar Ferrous Industries Limited (KFIL), Subsidiary Company; and
3. ISMT Limited, a subsidiary of the Subsidiary Company (a subsidiary of KFIL).

The Consolidated Financial Statements of the Company and its subsidiaries, prepared in accordance with IND AS 110, issued by the Ministry of Corporate Affairs, form part of this Annual Report. A statement containing the salient features of the Financial Statement of the subsidiary companies is attached to the Financial Statements of the Company in Form AOC-1.

Pursuant to the provisions of Section 136 of the Companies Act, 2013 and its Rules thereof including amendments thereunder, the Financial Statements along with relevant documents of the Company and its subsidiaries, are available on the Company's website, viz., www.kirloskarindustries.com.

The Financial Statements of the subsidiaries and related detailed information will be kept for inspection by any member at the Company's Registered Office and will also be made available to the members on demand, at any point of time.

BRIEF HIGHLIGHTS OF BUSINESSES OF SUBSIDIARY COMPANIES:

AVANTE SPACES LIMITED:

Avante Spaces Limited (Avante), a Wholly-Owned Subsidiary of the Company, embarked on the mixed-use development of the land parcel in Kothrud, Pune in the year 2020 and has continued to make satisfactory progress considering the challenges involved in the development of any area in the main city centre or a prime locality.

Avante has put strong emphasis on the environmentally and socially responsible actions while continuing to create world class spaces and redefine / uplift the overall locality. It has received a pre certification of 'Platinum Rating' from Indian Green Building Council (IGBC) for its first project 'One Avante'. The term "Platinum IGBC Green Building Rating" refers to the highest level of certification awarded by the IGBC for green buildings in India.

Avante obtained registration under the Real Estate (Regulations and Development) Act, 2016, (RERA) and has sold some parts of under construction units in the "One Avante Project". The sale has allowed Avante to fund balance work on the Project and also prepay the construction finance facility availed from ICICI Bank. Avante is on course to recognize revenue and profits in the next financial year.

Avante is continuing with its objective of all round development of the Kothrud land parcel. With the construction of the first Project nearing completion, Avante is now focused on the second project's planning and execution. The second project is significantly larger and it will redefine the Kothrud, Pune area from prime residential area into a Central Business District for commercial spaces.

Avante's agile management, disciplined approach and emphasis on strong corporate governance are key strengths that will help it to build avant-garde spaces and a successful presence in the real estate industry.

KIRLOSKAR FERROUS INDUSTRIES LIMITED:

Kirloskar Ferrous Industries Limited (KFIL) is in the business of manufacture of pig iron and castings and has its manufacturing facilities located at Bevinahalli village and Hiriyur in Karnataka and Solapur in Maharashtra.

During the year under review:

KFIL achieved Net Sales of ₹ 4,194.42 Crores as compared to ₹ 3,614.97 Crores in the previous year. The Profit Before Tax for the year under review stood at ₹ 472.03 Crores as compared to ₹ 542.69 Crores of the previous year after providing for depreciation and amortisation.

- KFIL maintained the market leadership position in the domestic casting business, which recorded a sales value growth of 30 percent and volume growth of 14 percent over previous year, with substantial capacity utilisation improvement coupled with higher share of critical castings and improved quality in Foundry.
- The Pig Iron business achieved a sales growth of 8 percent over the previous year in spite of marginal reduction of volume by 3 percent on account of shutdown of furnaces for upgradation and maintenance.

KFIL sold 4,80,472 MT of pig iron valued at ₹ 2374.20 Crores (which includes 134,651 MT from its Hiriyur plant) during the financial year 2022-2023 as compared to 4,95,555 MT of pig iron valued at ₹ 2,201.77 Crores in the previous financial year.

The demand for all the grades of pig iron was good across the sectors throughout the year under review. The average realisation of pig iron for the year was around ₹ 49,500 per MT as against ₹ 44,500 per MT in the previous year.

KFIL sold 1,30,345 MT of castings aggregating to ₹ 1673.26 Crores during the financial year 2022-2023 as compared to 1,14,342 MT castings aggregating to ₹ 1,289.63 Crores for the previous financial year.

The fluctuation in the coal prices were mitigated by continuous monitoring of the International coal prices and timely booking of coal through spot pricing and optimising the coal blend. The coke oven phase I and Power plant there to was operated throughout the year, which contributed to the cost reduction. Further, KFIL also entered into agreement for converting the coal to coke, which helped the company to mitigate from price fluctuation of coke.

Upgradation of MBF 1 and MBF 2 helped in improving productivity and reduction in coke consumption. 100 percent consumption of Captive Power helped in optimising overall cost.

KFIL maintained the leadership position in the domestic market in the block and head category. KFIL also improved the market leadership position in the category for supply of critical castings.

During the year under review, the production of castings increased by 12 percent when compared to the previous year.

KFIL continuously worked on improving the casting sales volume growth, quality and manufacturing cost at both Koppal and Solapur plants.

KFIL achieved the lowest casting rejection of 5 percent during the year.

During the year under review, KFIL was successful in adding two new Global OEM customers and increase in share of business from current customers. KFIL also increased the supply of machined castings and also successful in obtaining new orders in machined condition.

KFIL has completed the following projects during the year under review:

- Upgradation of MBF-2 at Koppal location in July 2022 helped to increase the production capacity of Pig Iron by 37,600 MT per annum.
- KFIL commenced the operation of its Coke oven phase II in February 2023. This enhanced the capacity of the coke production from 2 lakhs MT per annum to 4 lakhs MT per annum.
- 20MW power plant attached to Coke oven Phase II was commenced in March 2023. This will help in the reduction of Power cost.
- The new moulding line at Solapur (Phase I) started Commercial production in Mar 2023, thereby increasing the capacity of production of castings by 20,000 MT per annum.
- De-bottlenecking projects and machining capacity expansion projects were undertaken in Foundry

KFIL has undertaken the following projects during the year under review:

- Installation of Pulvarised Coal Injection into Mini Blast Furnaces with Oxygen enrichment facility for cost reduction.
- Bell less top for MBF 1 at Koppal plant to reduce coke consumption.
- Solar Power plant at Solapur plant to reduce the cost of power for improving profitability.
- New Moulding line (Phase II) at Solapur plant for increasing the castings capacity by 20,000 MT.
- Expanding machining capacity based on customer requirements.

The Board of Directors of KFIL declared an interim dividend of ₹ 2.50 (50 percent) per equity share of ₹ 5 each on 7 February 2023 and paid on 3 March 2023.

The Board of Directors of KFIL in its meeting held on 12 May 2023 has also recommended a final dividend of ₹ 3 (60 percent) per equity share of ₹ 5 each for the Financial Year ended 31 March 2023. Accordingly, the total dividend (inclusive of interim dividend declared and paid) for the Financial Year 2022-2023 is 110 percent.

ISMT Limited (ISMT)

KFIL has acquired sole control over ISMT Limited on 10 March 2022, by acquiring 15,40,00,000 equity shares of ₹ 5 each of ISMT Limited (i.e., 51.25 percent) through preferential allotment pursuant to terms of the Share Subscription Agreement dated 25 November 2021, executed between KFIL, ISMT Limited and certain promotes forming the promoter group of ISMT Limited. Consequent to the aforesaid allotment of equity shares ISMT Limited has become a subsidiary of KFIL with effect from 10 March 2022, pursuant to the provisions of Section 2 (87) (ii) of the Companies Act, 2013.

Further, KFIL has also acquired 5,747 equity shares of ₹ 5 each of ISMT Limited, for an aggregate consideration of ₹ 1,83,390 on 8 April 2022, through open offer pursuant to the provisions of the SEBI (Substantial Acquisition of Shares and takeover) Regulations, 2011.

The Board of KFIL and ISMT approved the Scheme of Arrangement and Merger between ISMT (Transferor Company), KFIL (Transferee Company) and their respective shareholders. The Scheme is subject to receipt of necessary statutory and regulatory approvals. Upon the Scheme becoming effective, 17 fully paid up equity shares of face value of ₹ 5 each of KFIL will be allotted for every 100 fully paid up equity shares of face value of ₹ 5 each of ISMT.

ISMT has a steel production facility at Jejuri in Maharashtra and seamless tube and pipes manufacturing units at Ahmednagar and Baramati in Maharashtra.

The acquisition of ISMT has facilitated KFIL to enter the business segment of steel manufacturing and seamless tubes.

During the year under review:

ISMT Management has been able to stabilize and streamline the operations within first year of acquisition by KFIL. ISMT achieved total income of ₹ 2598.18 Crores as compared to ₹ 2182.03 Crores in the previous year. The Profit Before Tax (before exceptional items) for the year under review stood at ₹ 155.02 Crores as compared to ₹ 5.53 Crores of the previous year.

M. DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS:

Details of significant changes, i.e., change of 25% or more, as compared to the immediately previous Financial Year in key financial ratio, along with detailed explanation therefor:

Sr. No.	Particulars	Ratio as on 31 March 2023	Ratio as on 31 March 2022	% of Change	Explanations, if any
i.	Debtors' Turnover (in no of days)	14	32	(55.52)	Refer Note NO.1
ii.	Inventory Turnover (in no. of days)	1	1	-	Refer Note NO.2
iii.	Interest Coverage Ratio	-	-	-	Refer Note NO.3
iv.	Current Ratio	14.06	1.19	1084.78	Refer Note NO.4
v.	Debt Equity Ratio	-	-	-	Refer Note NO.5

Notes:

1. Debtors relate only to windmill business.
2. Inventory represents number of Renewable Energy Certificates (RECs) in stock obtained in respect of windmill business.
3. The Company does not have any interest cost.
4. Part of the sale proceeds from Swaraj Engins Limited shares have been invested in Mutual Funds and Fixed Deposits.
5. The Company does not have any borrowings.

There are no sector-specific equivalent ratios for disclosure by the Company.

N. RETURN ON NET WORTH:

Details of change in return on net worth as compared to the immediately previous Financial Year as follows:

Sr. No.	Particulars	Ratio as on 31 March 2023	Ratio as on 31 March 2022	% of Change	Explanations
1	Net worth	3.38	3.77	(10.28)	Refer Note No. 1

Note:

1. Return on net worth has decreased in spite of increase in net profit due to increase in Net worth on account of sale of shares of Swaraj Engines Limited., an amount of ₹ 295.66 Crores is transferred from OCI to Profit and Loss account in the year ended 31 March 2023.

V. PARTICULARS OF INFORMATION FORMING PART OF THE BOARD'S REPORT PURSUANT TO SECTION 134 OF THE COMPANIES ACT, 2013, RULE 8 OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014:

1. EXTRACT OF ANNUAL RETURN:

In terms of the provisions of Section 92(3) read with the provision of Section 134 (3) (a) of the Companies Act, 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, including amendments thereunder, the Annual Return filed with the Ministry of Corporate Affairs (MCA), for the Financial Year 2021-2022, is available on the website of the Company, viz., www.kirloskarindustries.com and the Annual Return for the Financial Year 2022-2023, will be made available on the website of the Company once it is filed with the MCA

2. NUMBER OF MEETINGS OF THE BOARD:

During the year under review, 7 Board Meetings were convened and held, the details of which form part of the Report on Corporate Governance. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

3. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirements under Section 134 (5) of the Companies Act, 2013, in respect of Directors' Responsibility Statement, your Directors state that:

a) in the preparation of the Annual Financial Statements for the year ended 31 March 2023, the applicable accounting standards had been followed and there were no material departures;

b) accounting policies as mentioned in Note No. 2 of the Notes forming part of the Financial Statements have been selected and applied consistently. Further, judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2023 and of the Profit of the Company for the year ended on that date;

c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the Annual Financial Statements have been prepared on a going concern basis;

e) proper internal financial controls were in place and that the internal financial controls were adequate and were operating effectively; and

f) proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

4. A STATEMENT ON DECLARATION BY INDEPENDENT DIRECTORS:

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149 (7) of the Companies Act, 2013, and Rules thereunder including amendments thereto and Regulation 16 (1) (b) and 25 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereto and also confirmed that they have complied with the Code for Independent Directors prescribed in Schedule IV to the Act.

Further, pursuant to Sub-rule (1) and (2) of Rule 6 of the Companies (Appointment and Qualifications of Directors) Rules, 2014 and amendments thereto, all Independent Directors confirmed that they have enrolled their name in the data bank with the Indian Institute of Corporate Affairs, New Delhi, India, within prescribed time period.

In the opinion of the Board, each of the Independent Director appointed / re-appointed during the year under review possess requisite integrity, expertise, and experience for acting as an Independent Director of the Company.

The Company has laid down a Code for the Board of Directors and Senior Management of the Company (Code of Conduct). The Code of Conduct is available on the Company's website, viz., www.kirloskarindustries.com.

All the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct.

5. COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION:

The Board has on the recommendation of the Nomination and Remuneration Committee adopted a policy for selection and appointment of Directors, Key Managerial Personnel and Senior Management Personnel and their remuneration.

The Nomination and Remuneration Policy is available on the website of the Company, viz., www.kirloskarindustries.com.

6. AUDITORS:

a. Statutory Auditors:

Kirtane and Pandit LLP, Chartered Accountants, (Firm Registration Number 105215W), Pune, were appointed as the Statutory Auditors of the Company under Section 139 of the Companies Act, 2013, (the Act) to hold office for a term of five years from the conclusion of the Annual General Meeting (AGM) held on 10 August 2021, till the conclusion of the AGM of the Company, to be held in the year 2026.

The Company has received a certificate from the Statutory Auditors to the effect that they are fulfilling requirements prescribed under the provisions of Section 141 of the Act.

b. Cost Auditors:

Pursuant to the Companies (Cost Records and Audit) Rules, 2014, dated 31 December 2014, the Company was not required to audit cost records for the Financial Year 2022-2023.

c. Secretarial Auditors:

Pursuant to the provisions of Section 204 of the Companies Act, 2013, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company had appointed Mr. Mahesh J. Risbud, Practicing Company Secretary, (FCS 810 CP 185), Pune, to undertake the Secretarial Audit of the Company.

The Report of the Secretarial Audit is annexed as **'Annexure II'** to this Report.

Mr. Mahesh J. Risbud, Practising Company Secretary, Pune, has submitted Secretarial Compliance Report as laid down in SEBI Circular CIR/CFD/CMD1/27/2019 dated 8 February 2019 and has also confirmed that the Company has complied with all applicable SEBI Regulations and circulars / guidelines issued thereunder, for the Financial Year 2022-2023.

7. MAINTENANCE OF COST RECORDS:

Pursuant to the Companies (Cost Records and Audit) Rules, 2014, dated 31 December 2014, the Company was not required to maintain cost records relating to Electricity Industry (Windmill) in Form CRA – 1 for the Financial Year 2022-2023.

8. EXPLANATION OR COMMENTS OF STATUTORY AUDITORS AND SECRETARIAL AUDITORS:

There are no qualifications, reservations or adverse remarks or disclaimer made by the Statutory Auditor in their Audit Report or by the Practicing Company Secretary in the Secretarial Audit Report for the year ended 31 March 2023.

The notes to the Accounts referred to in the Auditors Reports are self-explanatory and therefore no further clarifications are required.

9. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013:

During the year under review, your Company has given a loan of ₹ 181.45 Crores to Avante Spaces Limited (Avante), a Wholly Owned Subsidiary Company. Your Company has not granted any guarantee.

During the year under review, the Company acquired 1,50,00,000 equity shares of face value of ₹ 5 each of ISMT Limited (ISMT) representing 4.99% of the paid-up equity share capital of ISMT through the market, for a total consideration of ₹ 78,27,70,474.

10. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188 OF THE COMPANIES ACT, 2013:

Pursuant to the provisions of Section 134 of the Companies Act, 2013, read with Rule 8 (2) of the Companies (Accounts) Rules, 2014, the particulars of all contracts or arrangements entered into by the Company with related parties have been done at arm's length and are in the ordinary course of business. Hence, no particulars are being provided in Form AOC – 2. Related party disclosures as per the Indian Accounting Standard 24 (IND AS 24) have been provided in Note No. 43 to the Financial Statements.

None of the related party transactions entered into by the Company, were materially significant, warranting members' approval under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereunder. The Policy on related party transactions is available on the website of the Company, viz. www.kirloskarindustries.com.

11. STATE OF COMPANY'S AFFAIRS:

Discussion on state of Company's affairs has been covered in the Management Discussion and Analysis Report.

12. AMOUNTS PROPOSED TO BE CARRIED TO RESERVES:

The particulars of the amounts proposed to be carried to reserves have been covered as part of the financial performance of the Company.

13. MATERIAL CHANGES AND COMMITMENTS, BETWEEN THE DATE OF BALANCE SHEET AND THE DATE OF REPORT:

The Company has decided to divest the windmill business as detailed in para IV (a) above.

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

A. Conservation of Energy and Technology Absorption:

The Company has no particulars to report regarding conservation of energy and technology absorption as required under Section 134 (3) (m) of the Companies Act, 2013, read with Rules thereof including amendments thereunder.

B. Foreign exchange earnings and outgo:

Particulars	Amount
Foreign exchange earnings	Nil
Foreign exchange Outgo	0.02

15. RISK MANAGEMENT POLICY:

The Company has in place a mechanism to identify, assess, monitor, and mitigate various risks to key business objectives. Major risks identified are systematically addressed through risk-mitigating actions on a continuing basis. These are discussed at the meetings of the Risk Management Committee, Audit Committee, and the Board of Directors of the Company from time to time.

The risk management process works at various levels across the organization. It is an ongoing process and forms an integral part of management focus.

16. CORPORATE SOCIAL RESPONSIBILITY:

The Company has been carrying out Corporate Social Responsibility (CSR) activities. These activities are carried out in terms of Section 135 read with Schedule VII of the Companies Act, 2013 and the Companies (CSR Policy) Rules, 2014.

Annual Report on CSR activities includes details about the CSR policy developed and implemented by the Company. CSR initiatives taken during the year are annexed as 'Annexure III' to this Report.

17. BOARD EVALUATION:

Pursuant to the provisions of the Companies Act, 2013, and Regulation 17 (10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out a performance evaluation of its own performance and that of its committees and individual Directors. Performance evaluation has been carried out as per the criteria prescribed by the Nomination and Remuneration Committee.

18. PERFORMANCE AND FINANCIAL POSITION OF EACH OF THE SUBSIDIARIES, ASSOCIATES, AND JOINT VENTURE COMPANIES:

(₹ in Lakhs)

Name and Registered Office of the Subsidiary Company	% Holding	Particulars	2022-2023 Amount
Avante Spaces Limited, Office No. 801, 8th Floor, Cello Platina, Fergusson College Road, Shivajinagar, Pune 411 005	100	Total income	6
		Profit / (Loss) before tax	(390)
		Tax expenses (including deferred tax)	(72)
		Profit / (Loss) for the year	(318)
		Other comprehensive income for the year	(20)
		Income Tax expenses/(reversal)	(5)
		Total comprehensive income for the period	(15)
		Profit / (Loss) brought forward from previous year	(486)
		Final Dividend paid on equity shares	Nil
		Tax on above Dividend	Nil
		Profit / (Loss) available for appropriation	(819)
		Transfer to General Reserves	Nil
		Balance carried to surplus / (deficit) in the Statement of Profit and Loss	(819)

(₹ in Crores)

Name and Registered Office of the Subsidiary Company	% Holding	Particulars	2022-2023 Amount (Consolidated)
Kirloskar Ferrous Industries Limited, 13, Laxmanrao Kirloskar Road, Khadki, Pune 411 003	50.84	Total income	6,466.78
		Profit before tax	616.99
		Tax expenses	179.66
		Profit for the year	437.33
		Other comprehensive income for the year	0.93
		Total comprehensive income for the period	438.26
		Profit brought forward from previous year	926.11
		Final Dividend paid on equity shares	41.66
		Interim dividend paid on equity shares	34.73
		Transfer to General Reserves	5
		Balance carried to surplus in the Statement of Profit and Loss	1,240.87

(₹ in Crores)

Name and Registered Office of the Associate Company	% Holding	Particulars	2022-2023 Amount (Standalone)
# Kirloskar Brothers Limited, Yamuna, S. No. 98/3, to 7, Plot No. 3, Baner, Pune 411 045	23.91	Total income	2,572.90
		Total expenditure	2,351.70
		Profit before exceptional items and taxation	221.2
		Profit before taxation	207.30
		Provision for tax (including Deferred Tax)	54.70
		Net profit	152.60
		Other comprehensive income	(2.50)
		Balance of Profit / (Loss) from previous year	Not available
		Dividend paid on equity shares	Not available
		Tax on above dividend	Not available
		Profit available for appropriation	Not available
		Transfer to General Reserve	Not available
		Balance carried to surplus in the Statement of Profit and Loss	Not available

Note:

The Company does not have significant influence on Kirloskar Brothers Limited (KBL) as it does not participate in the management and / or financial decisions of KBL. As such KBL is not an Associate Company of the Company under the IND AS 24 and as such its financials are not included in the Consolidated Financial Statements of the Company. Hence, the aforesaid information is obtained from the website of KBL for the quarter and year ended 31 March 2023.

19. CHANGE IN THE NATURE OF BUSINESS, IF ANY:

In Financial Year 2022-2023, there was no change in the nature of business of the Company.

20. DETAILS OF APPOINTMENT AND RESIGNATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Directors appointed / re-appointed during the year:

Name of Director	Designation	Terms of Appointment
Mr. Anil Alawani	Director	Re-appointed with effect from 9 August 2022, subject to retirement by rotation.
Ms. Aditi Chirmule	Executive Director	Re-appointed as the Executive Director of the Company with effect from 25 January 2022.
Mr. Mahesh Chhabria	Managing Director	Re-appointed as the Managing Director of the Company with effect from 4 July 2022.
Mr. Vijaydipak Varma	Independent Director	Appointed as an Independent Director of the Company with effect from 15 October 2021 to hold office for a period of 5 years.
Ms. Purvi Sheth	Independent Director	Appointed as an Independent Director of the Company with effect from 27 May 2022 to hold office for a period of 5 years.
Mr. D. Sivanandhan	Independent Director	Re-appointed as an Independent Director of the Company to hold office for a second term upto his attaining the age of 75 years, i.e., upto 2 February 2026 with effect from 11 May 2022.
Mr. Ashit Parekh	Independent Director	Re-appointed as an Independent Director of the Company with effect from 4 July 2022 for a period of 5 years.
Mr. Satish Jamdar	Independent Director	Re-appointed with effect from 17 May 2023, as an Independent Director of the Company to hold office for a second term up to his attaining the age of 75 years i.e., up to 8 May 2027, with effect from 17 May 2023, subject to the approval of the members at the ensuing Annual General Meeting.

Key Managerial Personnel appointed during the year:

During the year under review, the Company appointed Mr. Anandh Baheti, Chief Financial Officer as a Key Managerial Personnel, with effect from 14 July 2022.

Directors and Key Managerial Personnel resigned during the year 2022-2023:

During the year under review, Mrs. Mrunalini Deshmukh ceased to be a Director of the Company with effect from 27 May 2022.

21. DIRECTORS PROPOSED TO BE APPOINTED / RE-APPOINTED AT THE ENSUING ANNUAL GENERAL MEETING:

Mr. Mahesh Chhabria (DIN 00166049) who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

The Company has received the requisite disclosure / declaration from Mr. Mahesh Chhabria.

Upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors has sought the approval of the members for the re-appointment of Mr. Satish Jamdar (DIN 00036653), as Independent Director to hold office for a second term up to his attaining the age of 75 years, i.e., upto 8 May 2027, with effect from 17 May 2023.

In the opinion of the Board of Directors, Mr. Satish Jamdar fulfills the conditions specified in the Companies Act, 2013 (the Act) and Rules thereunder and possess high integrity, repute, requisite expertise and experience (including the proficiency) so as to enable the Board to discharge its functions and duties effectively and he is independent of the management.

Mr. Satish Jamdar is exempted from passing the online proficiency test.

The Company has also received requisite disclosures / declarations from Mr. Satish Jamdar under Section 149 of the Act and other applicable provisions of the Act, and the Regulations and its amendments thereunder.

The brief resumes and other details relating to Directors who are proposed to be appointed / re-appointed as required to be disclosed under Regulation 36(3) of the Regulations, form part of the Statement settling out material facts annexed to the Notice of the Annual General Meeting.

The resolutions seeking approval of the members for the appointment / re-appointment of these Directors have been incorporated in the Notice of the forthcoming Annual General Meeting of the Company.

22. NAMES OF THE COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR:

None

23. DETAILS RELATING TO DEPOSITS, COVERED UNDER CHAPTER V OF THE COMPANIES ACT, 2013:

None

24. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:

To the best of our knowledge, the Company has not received any such order from the Regulators, Courts or Tribunals during the year, which may impact the going concern status or the Company's operation in future.

25. DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROL WITH REFERENCE TO THE FINANCIAL STATEMENTS:

The Company has developed a strong two-tier internal control framework comprising entity level controls and process level controls. The entity level controls of the Company include elements such as defined Code of Conduct, Whistle Blower Policy / Vigil Mechanism, rigorous management review and Management Information System (MIS) and strong internal audit mechanism. The process level controls have been ensured by implementing appropriate checks and balances to ensure adherence to Company policies and procedures, efficiency in operations and also reduce the risk of frauds.

Regular management oversight and rigorous periodic testing of internal controls makes the internal controls environment strong at the Company. The Audit Committee along with the Management oversees results of the internal audit and reviews implementation on a regular basis.

26. COMPOSITION OF THE AUDIT COMMITTEE AND OTHER COMMITTEES OF THE BOARD:

Details of composition of committees of the Board, viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee are provided in the Report on Corporate Governance.

27. No case of any fraud by any officer or employee of the Company has been reported by any auditor of the Company either to the Audit Committee or the Board pursuant to provisions of Section 143(12) of the Companies Act, 2013.

28. Neither any application has been made or any proceeding has been pending against the Company under the Insolvency and Bankruptcy Code, 2016.

29. The Company has not accepted any public deposit pursuant to the provisions of the Companies Act, 2013 and Rules thereof.

VI. INFORMATION FORMING PART OF THE BOARD'S REPORT PURSUANT TO RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014:

The relevant information pursuant to Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed as 'Annexure IV' to this Report.

The particulars of top ten employees pursuant to the aforesaid Rules form part of this Report. In terms of Section 136 (1) of the Companies Act, 2013, the Board's Report is being sent to the members without this Annexure. The members interested in obtaining a copy of this Annexure may write to the Company Secretary at the Company's Registered Office.

VII. VIGIL MECHANISM:

The Company has a Whistle Blower Policy / Vigil Mechanism (the Policy) to deal with instances of fraud, unethical behavior, etc. The Policy provides a mechanism for Directors and employees of the Company and other persons dealing with the Company to report genuine concerns including but not limited to unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct for Board of Directors and Senior Management or ethics policy or leakage of Unpublished Price Sensitive Information (UPSI), by any person, who is in possession of UPSI, to any other person in any manner whatsoever, except as otherwise permitted under the SEBI (Prohibition of Insider Trading) Regulations, 2015, or any other instance to the Chairman of the Audit Committee of the Board of Directors of the Company. The Policy is placed on the Company's website, viz., www.kirloskarindustries.com. No case was filed during the year.

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

The Company has in place a Policy for Prevention of Sexual Harassment at the workplace. This would, inter alia, provide a mechanism for the resolution, settlements, or prosecution of acts or instances of sexual harassment at the workplace and to ensure that all employees are treated with respect and dignity.

During the year under review, the Company has complied with the provisions relating to the constitution of the

Internal Committee (the Committee) under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Committee comprises four members including one external member.

During the year under review, four meetings of the Committee were held on 16 May 2022, 5 July 2022, 3 October 2022, and 5 January 2023.

During the year under review, there was no complaint / case filed / pending with the Company.

IX. CASH FLOW:

A Cash Flow Statement for the year ended 31 March 2023, is attached to the Balance Sheet as a part of the Financial Statements.

X. COMPLIANCES WITH RESPECT TO APPLICABLE SECRETARIAL STANDARDS:

During the year under review, the Company has complied with all the applicable secretarial standards.

XI. CORPORATE GOVERNANCE:

In terms of Regulation 34 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Report on the Corporate Governance along with a Compliance Certificate issued by the Statutory Auditors of the Company is attached and forms part of the Annual Report.

XII. REMUNERATION RECEIVED BY THE MANAGING DIRECTOR / EXECUTIVE DIRECTOR FROM SUBSIDIARY COMPANIES:

Sr. No.	Name of Director	Designation	Remuneration received / receivable from Kirloskar Ferrous Industries Limited, Subsidiary Company (₹ in Crores)	Remuneration received / receivable from Avante Spaces Limited, Wholly-Owned Subsidiary Company (₹ in Crores)
1	Mr. Mahesh Chhabria	Managing Director	0.43	Nil
2	Ms. Aditi Chirmule	Executive Director	Nil	Nil

XIII. BUSINESS RESPONSIBILITY REPORT (BRR):

Pursuant to provisions of Regulations 34(2)(f) of the Regulations, the Business Responsibility and Sustainability Report forms part of this Annual Report.

ACKNOWLEDGEMENTS:

Your Directors would like to place on record their appreciation of the contribution made and support provided to the Company by the members, employees and bankers, during the year under Report.

For and on behalf of the Board of Directors

ATUL KIRLOSKAR
CHAIRMAN
DIN 00007387

Pune: 23 May 2023

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	**a.** For vesting of ESARS 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. Based on being in continued employment with the Company or subsidiary company(ies). **b.** For exercise of ESARs Five (5) years from the date of vesting.
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:

a) 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;

b) The method used and the assumptions made to incorporate the effects of expected early exercise;

c) How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and

d) 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

M.J. RISBUD & CO.
Company Secretaries
2, Annapoorna Apartments, Model Colony,
1034 Shivajinagar, Canal Road, Pune - 411016
Office - (020) 2565 3979
Cell : 98220 10522.
E-mail - mjrpcs@dataone.in / mjrpcs@gmail.com

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule9 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, 2021;

(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, as per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

I further report that,

The Board of Directors of the Company is duly constituted with the proper balance of Executive Directors, Non-Executive Directors and Independent Directors. 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 notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance (except the Board Meetings held on 21 October 2022 was convened at the shorter notice in compliance with the provisions of the Companies Act, 2013, Rules thereof and Secretarial Standard 1) 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.

All the decisions in the Board Meetings were taken unanimously during the audit period.

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,

(a) Post inspection of books of accounts and other statutory records of the Company under Section 206(5) of the Companies Act, 2013, the Company has replied to the points raised in the inspection Order received by the Company.

(b) The result of the Postal Ballot was declared on 29 March, 2023, declaring the passing of special resolution pursuant to the provisions of Sections 23(1)(b), 42, 62 of the Companies Act, 2013, to make preferential issue of 4,55,580 Warrants convertible into equal number of equity shares of the Company of a face value of ₹ 10/- each to Mr. Atul Kirloskar and Mr. Rahul Kirloskar, respectively, promoters of the Company and special resolution pursuant to Section 186 of the Act authorizing the Board to exercise the powers under the said section upto an aggregate limit of ₹ 400 Crores over and above the paid-up capital and free reserves and securities premium account.

My report should be read along with the annexed Disclaimer letter of even date forming part of this report.

Sd/-
Signature:
Mahesh J. Risbud
Practicing Company Secretary
FCS No.: 810
C P No.: 185
UCN: S1981MH000400

Date: 23rd May 2023
Place: Pune
PR -1089/2021
UDIN: F000810E000356407

M.J. RISBUD & CO.
Company Secretaries
2, Annapoorna Apartments, Model Colony,
1034 Shivajinagar, Canal Road, Pune - 411016
Office - (020) 2565 3979
Cell : 98220 10522.
E-mail - mjrpcs@dataone.in / mjrpcs@gmail.com

To,
The Members
Kirloskar Industries Limited
Pune

My report of even date is to be read along with this annexure:

1. Maintenance of record is the responsibility of the management of the Company. My responsibility is to express my opinion on these records based on my audit.
2. The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards, is the responsibility of the management. My examination was limited to the verification of procedures on a test basis.
3. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the records. The verification was done on a test basis/checklists basis to ensure those correct facts are reflected in records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
4. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Where ever required, I have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Pune

Date: 23rd May 2023
FCS No.: 810
C. P. No.: 185
UCN: S1981MH000400

Sd/-
Signature:
Mahesh J. Risbud

ANNEXURE-III TO THE BOARD'S REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

(Pursuant to Section 135 of the Companies Act, 2013 and Rule 8 (1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014, read with the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021)

1. A brief outline of the Company's Corporate Social Responsibility (CSR) Policy, of the Company:

Corporate Social Responsibility (CSR) activities are based on the CSR Policy. The Company's main focus is on education, environment and health.

CSR policy is available on the website of the Company, viz., www.kirloskarindustries.com.

2. Composition of CSR Committee:

Sr. No.	Name of the Director	Designation / Nature of directorship	Number of meetings of CSR Committee held during the period	Number of meetings of CSR Committee attended during the period
1.	Mr. Anil Alawani	Chairman of the Committee, Non-Executive Non-Independent Director	3	3
2.	Ms. Aditi Chirmule	Executive Director	3	3
3.	Mr. Vijay Varma	Independent Director	3	3

3. Provide the web link where the composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are displayed on the website of the Company:

a. Composition of CSR Committee: https://www.kirloskarindustries.com/documents/779558/0/composition-committees.pdf/45253f52-fefe-167d-153c-d0866400bf6c?t=1673030903828

b. CSR Policy: https://www.kirloskarindustries.com/documents/779558/0d204520-e92f-351e-99ee-8b09fe0bbea6

c. CSR Projects approved by the Board: https://www.kirloskarindustries.com/investors/annual-csr-projects

4. Provide the executive summary along with web-link(s) of impact assessment of CSR projects carried out in pursuance of Sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable:

Not applicable as the average CSR obligation is less than ₹ 10 crores during the three immediately preceding financial years.

5. a. **Average net profit of the Company as per Section 135(5):** ₹ 975.41 lakhs.

   b. **Two percent of average net profit of the company as per Section 135(5) as on 31 March 2021:** ₹ 19.51 lakhs.

   c. **Surplus arising out of the CSR projects or programmes or activities of the previous financial years:** Nil

   d. **Amount required to be set off for the financial year:** Nil

   e. **Total CSR obligation for the Financial Year (b+c+d):** ₹ 19.51 lakhs

6. a. **Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):** ₹ 20 lakhs

   b. **Amount spent on Administrative Overheads:** Nil

   c. **Amount spent on Impact Assessment, if applicable:** Not applicable

   d. **Total amount spent for the Financial Year (a+b+c):** ₹ 20 lakhs

e. **CSR amount spent or unspent for the Financial Year:**

Total amount spent for the Financial Year (₹ in lakhs)	Amount unspent (₹ in lakhs)				
	Total amount transferred to unspent CSR amount as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per the second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the fund	Amount	Date of transfer
20.00	NA	NA	NA	NA	NA

f. **Excess amount for set off, if any:** ₹ 0.49 Lakhs

Sr. No.	Particular	Amount (₹ in lakhs)
(i)	Two percent of average net profit of the Company as per Section 135(5) as on 31 March 2022	19.51
(ii)	Total amount spent for the Financial Year 2022-2023	20.00
(iii)	Excess amount spent for the Financial Year 2022-2023 [(ii)-(i)]	0.49
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Year 2022-2023, if any	Nil
(v)	Amount available for set off in succeeding Financial Year i.e., 2023-2024[(iii)-(iv)]	0.49

7. Details of unspent CSR amount for the preceding three financial year:

Amount (₹ in lakhs)

Sr. No.	Preceding financial year	Amount transferred to unspent CSR Account under Section 135(6)	Balance Amount in unspent CSR Account under sub-section (6) of Section 135	Amount spent in the reporting Financial Year	Amount transferred to a fund as specified under Schedule VII as per second proviso to sub-section (5) of Section 135, if any.		Amount remaining to be spent in succeeding Financial Years.	Deficiency, if any
					Amount	Date of transfer		
	NA	NA	NA	NA	NA	NA	NA	NA

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No.

If yes, enter the number of Capital assets created / acquired: NA

Furnish the details relating to such asset(s) so created or acquired through CSR amount spent in the Financial Year:

Sr. No.	Short particulars of the property or asset(s) (Including complete address and location of the property)	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details on entity / Authority / beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address
NA	NA	NA	NA	NA	NA	NA	NA

(All the fields should be captures as appearing in the revenue record, flat no, house no, Municipal Office / Municipal Corporation / Gram Panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per Section 135(5): Not applicable

Sd/-
Anil Alawani
Chairman
DIN 00036153

Sd/-
Aditi Chirmule
Executive Director
DIN 01138984

Date: 23 May 2023

ANNEXURE -IV TO THE BOARD'S REPORT

INFORMATION FORMING PART OF THE BOARD'S REPORT PURSUANT TO RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) AMENDMENT RULES, 2016

Sr. No.	Particulars		
i.	The ratio of remuneration of each Director to the median remuneration of the employees of the Company for the financial year	**Name of Director**	**Ratio**
		Mr. Atul Kirloskar, Chairman	0.56
		Mr. Mahesh Chhabria, Managing Director	102.13
		Ms. Aditi Chirmule, Executive Director	14.04
		Mr. Anil Alawani	1.81
		Mr. Tejas Deshpande	1.49
		Mr. D. Sivanandhan	1.68
		Mr. Vinesh Kumar Jairath	5.01
		Mr. Ashit Parekh	0.75
		Mr. Satish Jamdar	1.86
		Mr. Vijay Varma	1.53
		Mrs. Mrunalini Deshmukh (ceased to be Director w.e.f. 27 May 2022)	NA
		Ms. Purvi Sheth (appointed as a Director of the Company w.e.f. 26 May 2022)	1.19
ii.	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	**Name of Director / Chief Financial Officer / Company Secretary**	**Percentage Increase / (Decrease) in the Remuneration**
		Mr. Atul Kirloskar, Chairman	Nil
		Mr. Mahesh Chhabria, Managing Director	20.5
		Ms. Aditi Chirmule, Executive Director	19.8
		Mr. Anil Alawani	75.7
		Mr. Tejas Deshpande	51.9
		Mr. D. Sivanandhan	118.10
		Mr. Vinesh Kumar Jairath	41.5
		Mr. Ashit Parekh	6.6
		Mr. Satish Jamdar	66.1
		Mr. Vijay Varma (appointed w.e.f. 15 October 2021)	NA
		Mrs. Mrunalini Deshmukh (ceased to be Director w.e.f. 27 May 2022)	N.A.
		Ms. Purvi Sheth (appointed as a Director of the Company w.e.f. 26 May 2022)	N.A.
		Mr. Anandh Baheti (appointed w.e.f. 14 July 2022)	N.A.
		Mrs. Ashwini Mali	19.6
iii.	The percentage increase in the median remuneration of employees in the financial year	19.1%	
iv.	The number of permanent employees on the rolls of Company	13 including Managing Director and Executive Director	
v.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and	14.7% 12.7%	
	its comparison with the percentile increases in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The salary increase is a function of various factors like individual performance vis-à-vis individual KRAs set and achieved, industry trends, economic situation, further growth prospects besides Company performance. There are no exceptional circumstances for increase in the managerial remuneration.	

Sr. No.	Particulars	
vi.	Affirmation that the remuneration is as per the Remuneration Policy of the Company	The Board affirms that the remuneration is as per the Nomination and Remuneration Policy of the Company.
vii.	Statement showing the name of top ten employees in terms of remuneration drawn and the name of every employee, who (i) if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two lakh rupees; (ii) if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month; (iii) if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the Managing Director or Whole Time Director or Manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company. **It shall also indicate:** (i) Designation of the employee; (ii) remuneration received; (iii) nature of employment, whether contractual or otherwise; (iv) qualifications and experience of the employee; (v) date of commencement of employment; (vi) the age of such employee; (vii) the last employment held by such employee before joining the company; (viii) the percentage of equity shares held by the employee in the Company within the meaning of clause (iii) of sub-rule (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014; whether any such employee is a relative of any Director or Manager of the Company and if so, name of such Director or Manager.	Refer Clause VI to the Board's Report

Report on Corporate Governance

[Pursuant to Regulation 34 (3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Regulations)]

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

The Company's philosophy of Corporate Governance aims at establishing and practicing a system of good corporate governance which will assist the management in managing the Company's business in an efficient and transparent manner towards fulfilling the corporate objectives and to meet the obligations and best subserve the interest of its stakeholders. This philosophy has been strengthened by adoption of a Code of Conduct for Board of Directors and Senior Management, Code of Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons and Immediate Relatives of Designated Persons of the Company and also re-enforcing our commitment towards Corporate Sustainability.

2. BOARD OF DIRECTORS:

a. Composition of the Board:

The Board composition is in conformity with Regulation 17 of Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereunder (hereinafter referred as the Regulations). The Board of Directors comprises eleven Directors as on 31 March 2023.

The composition of the Board is as under:

Category of Directors	No. of Directors
Managing and Executive	2
Non-Executive and Non-Independent	3
Non-Executive and Independent	6
Total*	**11**

* Out of 11 Directors, 2 are Woman Directors.

b. Number of Board Meetings:

During the Financial Year under review, 7 meetings of the Board of Directors were held on 26 May 2022, 14 July 2022, 8 August 2022, 21 October 2022, 11 November 2022, 11 February 2023 and 10 March 2023.

c. Directors' attendance record and directorships held:

I. The information on composition of the Board, category of Directors, attendance of each Director at Board Meetings held during the Financial Year 2022-2023 and the Annual General Meeting (AGM) held on 9 August 2022, Directorships and Committee positions in other public companies of which the Director is a Member / Chairman / Chairperson, the shareholding of Non-Executive Directors (Refer Table A) and the names of the listed entities in which the Directors hold directorship and category thereof (Refer Table B), as at 31 March 2023, is as follows:

Table A:

Sr. No	Category of Director and name of Director	Number of shares held by Non-Executive Directors	Number of Directorships held in other public limited companies *	Number of Committee Positions held in other public limited companies **		Number of Board Meetings held and attended		Attendance at the last AGM
				Chairman / Chairperson	Member	Held	Attended	
Managing Director / Executive Director								
1.	Mr. Mahesh Chhabria, Managing Director (DIN 00166049)	NA	7	3	2	7	7	Yes
2.	Ms. Aditi Chirmule, Executive Director (DIN 01138984)	NA	Nil	Nil	Nil	7	7	Yes
Non-Executive and Non-Independent Directors								
3.	Mr. Atul Kirloskar *** (DIN 00007387)	12,83,562	4	1	Nil	7	6	Yes
4.	Mr. Anil Alawani (DIN 00036153)	2,285	1	Nil	2	7	7	Yes

Sr. No	Category of Director and name of Director	Number of shares held by Non-Executive Directors	Number of Directorships held in other public limited companies *	Number of Committee Positions held in other public limited companies **		Number of Board Meetings held and attended		Attendance at the last AGM
				Chairman / Chairperson	Member	Held	Attended	
5.	Mr. Vinesh Kumar Jairath (DIN 00391684)	18,380	6	Nil	7	7	7	Yes
Non-Executive and Independent Directors								
6.	Mr. Tejas Deshpande (DIN 01942507)	Nil	2	Nil	1	7	7	Yes
7.	Mr. D. Sivanandhan (DIN 03607203)	Nil	7	2	5	7	7	Yes
8.	Mr. Ashit Parekh (DIN 00821577)	Nil	Nil	Nil	Nil	7	6	Yes
9.	Mr. Satish Jamdar (DIN 00036653)	Nil	2	1	1	7	7	Yes
10.	Mrs. Mrunalini Deshmukh @ (DIN 07092728)	Nil	1	Nil	Nil	7	1	NA
11.	Mr. Vijaydipak Varma (DIN 00011352)	1,256	1	Nil	2	7	7	Yes
12.	Ms. Purvi Sheth ## (DIN 06449636)	Nil	4	Nil	Nil	7	7	Yes

* Excludes directorships in private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013.

** For the purpose of reckoning the limit on committee positions, chairmanship / membership of the Audit Committee and the Stakeholders' Relationship Committee are considered as per Regulation 26 (1) (b) of the Regulations.

*** Deemed as Promoters within the meaning of the Securities and Exchange Board of India (SEBI) (Substantial Acquisition of Shares and Takeover) Regulations, 2011.

@ Resigned as a Director with effect from 27 May 2022.

Appointed as an Additional Director in the capacity of an Independent Director on the Board of the Company with effect from 26 May 2022.

Notes:

1. None of the Directors on the Board is a member of more than ten Committees and Chairperson of more than five Committees in all public limited companies whether listed or not, in which he is a director. All the Directors have made the requisite disclosures regarding committee positions held by them in other public limited companies.

2. As on 31 March 2023, none of the current Directors are related to each other within the meaning of Section 2 (77) of the Companies Act, 2013 and Rules thereunder.

Table B:

Sr. No.	Name of Director, Designation and age	Name of the other listed entities in which Director holds Directorship	Category of Directorship
Managing Director / Executive Director			
1	Mr. Mahesh Chhabria, Managing Director Age: 58 years	1. Kirloskar Ferrous Industries Limited	Non-Independent and Non-Executive Director
		2. Kirloskar Oil Engines Limited	Non-Independent and Non-Executive Director
		3. Kirloskar Pneumatic Company Limited	Non-Independent and Non-Executive Director
		4. ZF Commercial Vehicle Control Systems India Limited (earlier known as Wabco India Limited)	Independent and Non-Executive Director
		5. Shoppers Stop Limited	Independent and Non-Executive Director
2	Ms. Aditi Chirmule, Executive Director Age: 56 years	Nil	Nil

Sr. No.	Name of Director, Designation and age	Name of the other listed entities in which Director holds Directorship	Category of Directorship
Non-Executive and Non-Independent Directors			
3	Mr. Atul Kirloskar Age: 66 years	1. Kirloskar Oil Engines Limited	*Executive Chairman
		2. Kirloskar Ferrous Industries Limited	Chairman, Non-Independent and Non-Executive Director
		3. Kirloskar Pneumatic Company Limited	Non-Independent and Non-Executive Director
4	Mr. Anil Alawani Age: 77 years	1. Kirloskar Ferrous Industries Limited	Non-Independent and Non-Executive Director
5	Mr. Vinesh Kumar Jairath Age: 64 years	1. The Bombay Dyeing and Manufacturing Company Limited	Independent and Non-Executive Director
		2. Wockhardt Limited	Independent and Non-Executive Director
		3. Kirloskar Oil Engines Limited	Non-Independent and Non-Executive Director
		4. The Bombay Burmah Trading Corporation Limited	Independent and Non-Executive Director
Non-Executive and Independent Directors			
6	Mr. Tejas Deshpande Age: 42 years	1. Kirloskar Pneumatic Company Limited	Independent and Non-Executive Director
7	Mr. D. Sivanandhan Age: 72 years	1. United Spirits Limited	Independent and Non-Executive Director
		2. Forbes and Company Limited	Independent and Non-Executive Director
		3. Inditrade Capital Limited	Independent and Non-Executive Director
8	Mr. Ashit Parekh Age: 63 years	Nil	Nil
9	Mr. Satish Jamdar Age: 70 years	1. Kirloskar Oil Engines Limited	Independent and Non-Executive Director
10	Mr. Vijaydipak Varma Age: 71 years	1. Kirloskar Ferrous Industries Limited	Independent and Non-Executive Director
11	Ms. Purvi Sheth Age: 50 years	1. Deepak Nitrite Limited	Independent and Non-Executive Director
		2. Kirloskar Oil Engines Limited	Independent and Non-Executive Director
		3. Ambuja Cements Limited	Independent and Non-Executive Director

*Appointed as the Chairman and Non-Executive Director w.e.f. 1 April 2023.

Note:

None of the Directors on the Board of the Company is a Director of more than seven listed entities nor an Independent Director of more than seven listed entities as at 31 March 2023.

d. Separate meeting of Independent Directors:

The Independent Directors met once in Financial Year 2022-2023 without the presence of the Managing Director or the Executive Director or management representatives.

The meeting of Independent Directors was held on Friday, 1 March 2023, to discuss, inter alia:

(a) the performance of Non-Independent Directors and the Board as a whole;

(b) the performance of the Chairman of the Company, taking into account the views of the Managing Director, the Executive Director and Non-Executive Directors;

(c) the quality, quantity and timeliness of flow of information between the management of the

Company and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The outcome of meeting was presented to the Board along with the course of actions taken for implementing the observations / suggestions received from Independent Directors.

e. Familiarisation program for Independent Directors:

Independent Directors of the Company are made aware of their role, rights and responsibilities at the time of their appointment, through a formal letter of appointment, which also stipulates various terms and conditions of their engagement. Further copies of 'Code of Conduct for the Board of Directors and Senior Management of the Company', 'Code of Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons and Immediate Relatives of Designated Persons of the Company', 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information of the Company' (Code of Conducts) and Policies adopted by the Board as per regulatory provisions are made available to Independent Directors at the time of joining.

All Board Members are made aware of all the latest applicable legal, regulatory and business developments / updates, by way of presentations where Directors have an opportunity to interact with Key Management Personnel. Presentations, cover, inter alia, include quarterly and annual results, budgetscover, review of internal audit report, information on business performance, operations, financial parameters, senior management change, major litigations, compliances, risk management and regulatory scenarios and such other areas as may arise from time to time. The details about information on business performance, operations and financials of subsidiary companies are also forming part of the presentation.

The details of such familiarisation programs have been put on the website of the Company at https://www.kirloskarindustries.com.

f. Code of Conduct:

The Company has laid down a Code of Conduct for all the Board members and Senior Management Personnel. The Code of Conduct is available on the Company's website, viz., https://www.kirloskarindustries.com.

All the Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct. A declaration to this effect signed by the Managing Director forms part of this Report.

g. Information supplied to the Board:

The agenda is circulated well in advance to the Board members. The items in the agenda are backed by comprehensive background information to facilitate meaningful discussions and enable the Board to take appropriate decisions. As part of the process of good governance, the agenda also includes the progress on the decisions taken by the Board in its previous meeting(s). A board portal is made available that allows the Board of Directors to securely access Board documents and collaborate with other Board members electronically.

The Board also, inter alia, reviews quarterly / half yearly / annual results, the strategy of business, annual operating plan, reports for all laws applicable to the Company, review of major legal cases, minutes of Meetings of Committees of the Board, review of internal control framework and risk management, etc. The required information as enumerated in Part A of Schedule II of the Regulations, is made available to the Board of Directors for discussions and consideration at Board Meetings. The Board is also kept informed of major events / items and approvals are taken, wherever necessary. As a part of good corporate governance, the Board Charter has drawn up setting out roles / terms of references and processes of functioning of the Board including Committees of the Board.

The draft minutes of the meetings of the Board of Directors and its Committees are also circulated in time to the Board and Committee members.

h. The table below summarises core skills / expertise / competencies identified by the Board of Directors as required and available with the Board in the context of business of the Company for its effective functioning is as follows:

Sr. No.	Core Skills / Expertise / Competencies	Particulars
1	Strategy	a. Business
		b. Economic – Micro and Macro
		c. Human Resources / Talent
		d. Operations

Sr. No.	Core Skills / Expertise / Competencies	Particulars
2	Risks	a. Business
		b. Environment and sustainability
		c. Health and Safety
		d. Finance
		e. Compliances
		f. Regulatory
3	Finance	a. Raising funds
		b. Cost of funds
		c. Timing
		d. Options
		e. Repayment
		f. Monitoring and Review
		g. Capital Markets
		h. Mergers and Amalgamations
		i. Restructuring
4	Legal	a. Regulatory Compliances
		b. Statutory Compliances
5	Security systems	a. Cyber
		b. Data
		c. Property
6	Corporate restructuring	
7	Infrastructure planning and development	

Following is the table containing areas of core skills / expertise / competencies of individual Board Members. However, the absence of a mark against a member's name does not necessarily mean the member does not possess the corresponding skill / expertise / competencies:

Sr. No.	Name of Director	Core Skills / Expertise / Competencies						
		Strategy	Risks	Finance	Legal	Security Systems	Corporate Restructuring	Infrastructure Planning and Development
1	Mr. Atul Kirloskar	√	√	√	√		√	
2	Mr. Mahesh Chhabria, Managing Director	√	√	√	√		√	√
3	Ms. Aditi Chirmule, Executive Director	√	√	√	√		√	
4	Mr. Anil Alawani	√	X	√	√		√	X
5	Mr. Vinesh Kumar Jairath	√	√	√	√			√
6	Mr. Tejas Deshpande	√	√	√	√		√	
7	Mr. D. Sivanandhan	√	√	√		√		√
8	Mr. Ashit Parekh	√	√					√
9	Mr. Satish Jamdar	√	√	√			√	√
10	Mr. Vijaydipak Varma	√	√	√	√	√	√	
11	Ms. Purvi Sheth	√	√				√	

i. Insurance coverage:

The Company has obtained Directors' and Officers' liability insurance coverage in respect of any legal action that might be initiated against Directors / officers of the Company and its subsidiary companies.

j. Confirmation on declarations given by Independent Directors:

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013 and Regulation 16 (1) (b) of the Regulations.

The Board of Directors, after due assessment of veracity of the declarations received from the Independent Directors to the extent possible, confirms that, Independent Directors fulfill the conditions specified in the Regulation 25 (8) of the Regulations and they are independent of the management.

k. Reasons for the resignation of Independent Directors during the Financial Year 2022-2023, if any:

During the year 2022-2023, Mrs. Mrunalini Deshmukh (DIN 07092728), Independent Director, whose term of appointment, was upto 16 May 2023, resigned from the Board of Company with effect from 27 May 2022, due to her preoccupation. She also confirmed that there was no other material reason for her resignation other than those mentioned in her resignation letter dated 27 May 2022.

3. BOARD COMMITTEES

A. AUDIT COMMITTEE:

a. Composition:

The Audit Committee (the Committee) comprises six Non-Executive Directors, out of which four are Independent Directors. The composition is in conformity with Regulation 18 of the Regulations.

During the Financial Year under review, 6 meetings of the Committee were held on 26 May 2022, 14 July 2022, 8 August 2022, 11 November 2022, 11 February 2023 and 10 March 2023.

The Composition of the Committee and attendance at its meetings is given below:

Sr. No.	Name of the Member Director	Category of Directorship	Number of Meetings Attended
1.	Mr. Satish Jamdar (Chairman)	Non-Executive Independent Director	6
2.	Mr. Tejas Deshpande	Non-Executive Independent Director	6
3.	Mr. D. Sivanandhan	Non-Executive Independent Director	6
4.	Mr. Vijaydipak Varma	Non-Executive Independent Director	6
5.	Mr. Vinesh Kumar Jairath	Non-Executive Non-Independent Director	6
6.	Mr. Anil Alawani	Non-Executive Non-Independent Director	6

The Company Secretary acts as the Secretary of the Committee. The Managing Director, the Executive Director and the Chief Financial Officer attend the Audit Committee meetings. The representatives of the Statutory Auditors and the Internal Auditors are invited to the meetings.

Mr. Satish Jamdar, Chairman of the Committee, was present at the Annual General Meeting of the Company held on Tuesday, 9 August 2022.

Mr. Parag Pansare, Partner of Kirtane and Pandit LLP, Chartered Accountants, Statutory Auditors of the Company and Mr. Mahesh J. Risbud, Practicing Company Secretary and Secretarial Auditor of the Company were present at the 28th Annual General Meeting of the Company held on 9 August 2022.

b. Terms of reference:

The terms of reference of the Committee include, the matters specified under Regulation 18 (3) read with Part C of Schedule II of the Regulations as well as those specified in Section 177 of the Companies Act, 2013 and inter alia includes the following:

1. Oversight of the Company's financial reporting process and the disclosures of its financial information to ensure that, the Financial Statement is correct, sufficient and credible.
2. Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company.
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
4. Reviewing, with the management, the Annual Financial Statements and Auditor's 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 Companies Act, 2013;
    b) changes, if any, in accounting policies and practices and reasons for the same;
    c) major accounting entries involving estimates based on the exercise of judgment by the management;
    d) significant adjustments made in the Financial Statements arising out of audit findings;
    e) compliance with listing and other legal requirements relating to the Financial Statements;

f) disclosure of any related party transactions;

g) modified opinion(s) in the draft Audit Report.

5. Reviewing, with the management, the Quarterly Financial Statements before submission to the Board for approval.

6. 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 utilised 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.

7. Reviewing and monitoring the Auditor's independence and performance and effectiveness of audit process.

8. Approval or any subsequent modification of transactions of the Company with related parties.

9. Scrutiny of inter-corporate loans and investments.

10. Valuation of undertakings or assets of the Company, wherever it is necessary.

11. Evaluation of internal financial controls and risk management systems.

12. Reviewing, with the management, performance of Statutory and Internal Auditors, adequacy of the internal control systems.

13. 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.

14. Discussion with Internal Auditors of any significant findings and follow up thereon.

15. Reviewing the findings of any internal investigations by the Internal Auditors 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.

16. Discussion with Statutory Auditors before the audit commences, about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

17. Looking 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.

18. Reviewing the functioning of the Whistle Blower Mechanism.

19. Approval of appointment of Chief Financial Officer after accessing the qualifications, experience and background, etc. of the candidate.

20. Mandatorily reviewing the following information:

    A. management discussion and analysis of financial condition and results of operations;

    B. statement of significant related party transactions (as defined by the Committee), submitted by the management;

    C. management letters / letters of internal control weaknesses issued by the Statutory Auditors;

    D. Internal Audit Reports relating to internal control weaknesses;

    E. the appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Committee; and

    F. statement of deviations:

        A. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to the stock exchange(s) in terms of Regulation 32 (1) of the Regulations;

        B. annual statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice in terms of Regulation 32 (7) of the Regulations.

21. Carrying out any other function as is mentioned in the terms of reference of the Committee.

22. Reviewing the utilisation of loans and / or advances from / investments by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.

23. Reviewing the compliance with the provisions of Insider Trading Regulations, 2015 and amendments thereof, from time to time, at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.

24. Consider and comment on rationale, cost benefits and impact of schemes involving merger, demerger, amalgamation, etc., on the Company and its shareholders.

c. Powers of the Audit Committee:

- To investigate into any matter in relation to the items specified in Section 177(4) of the Companies Act, 2013, or referred to it by the Board.
- For the above purpose, Audit Committee shall have full access to information contained in the records of the Company.
- To seek external professional advice, if necessary.
- To investigate any activity within terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

B. NOMINATION AND REMUNERATION COMMITTEE:

a. Composition:

The Nomination and Remuneration Committee (the Committee) comprises three Non-Executive Directors, out of which two Directors are Independent Directors. The composition is in conformity with Regulation 19 of the Regulations.

During the Financial Year under review, five meetings of the Committee were held on 26 May 2022, 14 July 2022, 8 August 2022, 11 February 2023 and 10 March 2023.

The composition of the Committee and attendance at its meeting is given below:

Sr. No.	Name of the Member Director	Category of Directorship	Number of Meetings Attended
1.	Mr. D. Sivanandhan (Chairman)	Non-Executive Independent Director	5
2.	Mr. Satish Jamdar	Non-Executive Independent Director	5
3.	Mr. Anil Alawani	Non-Executive Non-Independent Director	5

b. Terms of reference:

The terms of reference of the Committee include, the matters specified under Regulation 19 (4) read with Part D of Schedule II of the Regulations, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, (SEBI SBEB Regulations) as well as those specified in Section 178 of the Companies Act, 2013 and inter alia, include the following:

i. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees:

1A. For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

a. use the services of an external agencies, if required;

b. consider candidates from a wide range of backgrounds, having due regard to diversity; and

c. consider the time commitments of the candidates.

ii. Formulation of criteria for evaluation of performance of independent directors and the Board of Directors.

iii. Devising a policy on diversity of Board of Directors.

iv. 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.

v. Whether to extend or continue the term of appointment of independent director, on the basis of the report of performance evaluation of independent directors.

vi. Formulation of detailed terms and conditions of the schemes under the SEBI SBEB Regulations, as may be amended time to time.

vii. Recommend to the Board, all remuneration, in whatever form payable to senior management.

viii. To review succession planning mechanism and recommend changes / modifications thereto, if required, to the Board for its consideration.

ix. To seek professional guidance in succession planning mechanism, if required and to set terms and conditions, including as to remuneration, in this regard, in consultation with the Chairman of the Board.

x. To constitute a panel comprising of such members of the Committee and external experts if any, as it deems fit, for identifying candidates to fill vacancies at the level of the whole time directors and senior management level and to recommend the appointment of Whole Time Directors and Senior Management Personnel, as and when required and set the terms and conditions, including the remuneration of panelists, in consultation with the Chairman of the Board.

c. **Criteria for performance evaluation:**

The Committee lays down the criteria for the performance evaluation of directors. A separate exercise was carried out by the Board to evaluate its own performance and that of its committees and individual directors including the Chairman of the Board, who were evaluated on the following parameters:

i. attendance for the meetings, participation and independence during the meetings;

ii. interaction with management;

iii. role and accountability of the Board; and

iv. knowledge and proficiency.

C. STAKEHOLDERS' RELATIONSHIP COMMITTEE:

a. **Composition:**

The Stakeholders Relationship Committee (the Committee) comprises three Directors, out of which one Director is an Independent Director. The composition is in conformity with Regulation 20 of the Regulations.

During the Financial Year under review, four meetings of the Committee were held on 5 May 2022, 17 October 2022, 10 November 2022 and 9 January 2023.

The composition of the Committee and attendance at its meeting is given below:

Sr. No.	Name of the Member Director	Category of Directorship	Number of Meetings Attended
1.	Mr. Anil Alawani (Chairman)	Non-Executive Non-Independent Director	4
2.	Ms. Aditi Chirmule	Executive Non-Independent Director	3
3.	Mr. Vijaydipak Varma	Non-Executive Independent Director	4

b. **Terms of reference:**

1. Resolving the grievances of security holders of the Company including complaints related to transfer / transmission of shares, non-receipt of annual reports, non-receipt of declared dividends, issue of new / duplicate share certificates, general meetings, etc.

2. Review of measures taken for effective exercise of voting rights by shareholders.

3. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Share Transfer Agent of the Company.

4. Review of various measures and initiatives taken by the Company for reducing quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by shareholders of the Company.

5. To allot equity shares upon exercise of Equity Settled Stock Appreciation Rights (ESARs) by eligible employees of the Company and employees of Avante Spaces Limited, a Wholly Owned Subsidiary of the Company and Non - Executive Directors of the Company in terms of Kirloskar Industries Limited – Employees Stock Appreciation Rights Plan 2019 (KIL ESARP 2019) between the two meetings of the Board of Directors.

6. To allot Warrants convertible into equity shares to Mr. Atul Kirloskar and Mr. Rahul Kirloskar through preferential allotment.

The total number of complaints received and redressed during the year ended 31 March 2023, were two and there was no complaint pending as on 31 March 2023.

The Company had no share transfer requests pending as on 31 March 2023.

Mrs. Ashwini Mali, Company Secretary is the Compliance Officer.

The Compliance Officer can be contacted at:

Kirloskar Industries Limited
Office No. 801, 8th Floor, Cello Platina,
Fergusson College Road, Shivajinagar,
Pune 411 005
Tel.: +91(20) 2970 4374; Fax: +91(20) 2970 4374
E-mail: Ashwini.Mali@kirloskar.com

The Company has designated exclusive email id for the investors as investorrelations@kirloskar.com to register their grievances, if any. The Company has displayed the said email id on its website for the use of investors.

D. RISK MANAGEMENT COMMITTEE:

a. Composition:

The Risk Management Committee (the Committee) of the Company comprises of 4 Non-Executive Directors, out of which 3 are Independent Directors and 1 Managing Director. The composition is in conformity with Regulation 21 of the Regulations.

During the Financial Year under review, four meetings of the Committee were held on 24 May 2022, 8 August 2022, 10 November 2022 and 2 February 2023.

The composition of the Committee and attendance at its meeting is given below:

Sr. No.	Name of the Member Director	Category of Directorship	Number of Meetings Attended
1.	Mr. Satish Jamdar (Chairman)	Non-Executive Independent Director	4
2.	Mr. Tejas Deshpande	Non-Executive Independent Director	4
3.	Mr. Ashit Parkeh	Non-Executive Independent Director	2
4.	Mr. Mahesh Chhabria	Managing Director	4
5.	Mr. Vinesh Kumar Jairath	Non-Executive Non-Independent Director	4

b. Terms of reference:

1. To formulate a detailed risk management policy which shall include:

   a. A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.

   b. Measures for risk mitigation including systems and processes for internal control of identified risks.

c. Business continuity plan.

2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.

3. To monitor and oversee implantation of the risk management policy, including evaluating the adequacy of risk management systems.

4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity.

5. To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken.

6. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Committee.

E. CORPORATE SOCIAL RESPONSIBLITY COMMITTEE:

a. Composition:

The Corporate Social Responsibility Committee (Committee) of the Company comprises 2 Non-Executive Directors, out of which 1 is an Independent Director. The composition is in conformity with the provisions of the Companies Act, 2013.

During the Financial Year under review, three meetings of the Committee were held on 24 May 2022, 8 August 2022 and 10 November 2022.

The composition of the Committee and attendance at its meeting is given below:

Sr. No.	Name of the Member Director	Category of Directorship	Number of Meetings Attended
1.	Mr. Anil Alawani (Chairman)	Non-Executive Non-Independent Director	3
2.	Ms. Aditi Chirmule	Non-Executive Non-Independent Director	2
3.	Mr. Vijaydipak Varma	Non-Executive Independent Director	3

4. REMUNERATION TO DIRECTORS:

I. The Board has on the recommendation of the Nomination and Remuneration Committee (the Committee) adopted the ‘Nomination and Remuneration Policy’ for selection and appointment of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel and their remuneration. The policy is available on the website of the Company, viz., https://www.kirloskarindustries.com.

a. Whole-time Director:

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) to the Managing Director and the Executive Director. The commission to the Managing Director and the Executive Director is recommended by the Committee on determination of the profits for the Financial Year and based on the performance evaluation of the Managing Director and the Executive Director, also approved by the Board of Directors. The members at the Annual General Meeting of the Company held on 8 August 2019, accorded their approval to the Board of Directors to decide and to pay in respect of any financial year, managerial remuneration which may exceed 5% of the net profits of the Company to any one managing director or whole-time director or manager and / or which may exceed 10% of the net profits of the Company, if there is more than one such director, to all such directors and manager taken together and / or the total managerial remuneration payable to all the directors including managing director or whole-time director or manager, which may exceed 11% of the net profits of the respective financial year computed in the manner laid down in Section 198 of the Companies Act, 2013. The remuneration to the Managing Director and the Executive Director is in accordance with the provisions of the Companies Act, 2013 and Rules thereunder.

b. Non-Executive Directors

The members at the Annual General Meeting of the Company held on 8 August 2019, accorded their approval to the Board of Directors to decide and to pay the remuneration by way of commission (over and above the payment of sitting fee(s)) to the Directors of the Company (other than Managing Director / Executive Director or a Director who is in the Whole time employment of the Company), which may exceed 1% per annum of the Net Profit of the Company computed in the manner laid down in Section 198 and other applicable provisions, if any, of the Companies Act, 2013, for each Financial Year.

Upon the recommendation of the Committee and based on the performance evaluation of each of the Non-Executive Directors, the Board of Directors decides the remuneration payable to them by way of commission.

The Board of Directors at its meeting held on 8 August 2022, has revised the sitting fees payable to the Non-Executive Directors for the Board and Committee meetings. The sitting fees of ₹ 75,000 (previously ₹ 40,000) per meeting of the Board and ₹ 50,000 (previously ₹ 25,000) per meeting of the Audit Committee and Nomination and Remuneration Committee of the Board of Directors attended by the Non-Executive Directors is payable to them.

Details of the remuneration paid / payable to Directors during Financial Year 2022-2023:

Sr. No	Name of Director	Basic Salary	Allowances	Perquisites and Other Benefits	Sitting Fees	Commission @	Total
Managing Director / Executive Director							
1.	Mr. Mahesh Chhabria, Managing Director	1,80,00,000	24,00,000	*12,40,03,351	--	1,50,00,000	15,94,03,351
2.	Ms. Aditi Chirmule, Executive Director	57,17,903	-	**2,11,49,235	--	40,00,000	3,08,67,138
Non-Executive Director							
3.	Mr. Atul Kirloskar	--	--	--	3,05,000	3,05,000	6,10,000
4.	Mr. Anil Alawani	--	--	--	9,75,000	9,75,000	19,50,000
5.	Mr. Tejas Deshpande	--	--	--	8,05,000	8,05,000	16,10,000
6.	Mr. D. Sivanandhan	--	--	--	9,05,000	9,05,000	18,10,000
7.	Mr. Vinesh Kumar Jairath	--	--	** *1,71,54,675	8,05,000	46,05,000	2,25,64,675
8.	Mr. Ashit Parekh	--	--	--	4,30,000	3,80,000	8,10,000
9.	Mr. Satish Jamdar	--	--	--	10,05,000	10,05,000	20,10,000
10.	Mrs. Munalini Deshmukh	--	--	--	40,000	40,000	80,000
11.	Mr. Vijaydipak Varma	--	--	--	7,75,000	8,75,000	16,50,000
12.	Ms. Purvi Sheth	--	--	--	4,55,000	4,55,000	9,10,000
	TOTAL	**2,37,17,903**	**24,00,000**	**16,23,07,261**	**65,00,000**	**2,93,50,000**	**22,42,75,164**

@ Represents Commission for the year ended 31 March 2023, which will be paid after the adoption of the accounts by the shareholders at the Annual General Meeting, subject to deduction of applicable tax.

* Including benefits of ₹ 11.54 Crores under the 'Kirloskar Industries Limited - Employees Stock Appreciation Rights Plan 2019'

** Including benefits of ₹ 1.57 Crores under the 'Kirloskar Industries Limited - Employees Stock Appreciation Rights Plan 2019'

*** Including benefits of ₹ 1.71 Crores under the 'Kirloskar Industries Limited - Employees Stock Appreciation Rights Plan 2019'

Notes:

- The Company enters into service contracts with the Managing Director and the Executive Director for a period of 5 years.
- Perquisites include leave travel assistance, reimbursement of medical expenses, term insurance premium, contributions to provident fund and superannuation fund, Employees Stock Appreciation Rights granted under the 'Kirloskar Industries Limited – Employees Stock Appreciation Rights Plan 2019', provision for gratuity and leave encashment and perquisite value as per Income-Tax Rules for motorcar.

II. Equity Settled Stock Appreciation Rights (ESARs) granted / vested to Executive Directors and Non-Executive Directors under the Kirloskar Industries Limited – Employees Stock Appreciation Rights Plan (KIL ESARP 2019)

The Company granted an aggregate 4,84,498 (Four Lakh Eighty-Four Thousand Four Hundred Ninety-Eight) Equity Settled Stock Appreciation Rights (ESARs) out of 4,85,000 ESARs which are exercisable into not more than 4,85,000 (Four Lakh Eight Five Thousand) equity shares of the Company at face value of ₹ 10 (Rupees Ten only) each fully paid-up, under the Kirloskar Industries Limited – Employees Stock Appreciation Rights Plan (KIL ESARP 2019) at an exercise price of ₹ 500 per ESAR.

Pursuant to the KIL ESARP 2019, ESARs granted shall vest after a minimum period of 1 year but not later than a maximum period of 4 years from the grant date of such ESARs.

Accordingly, the Company has vested ESARs in the employees of the Company including the Managing Director and the Executive Director; employees of Avante Spaces Limited (Avante) (earlier known as Wellness Space Developers Limited); and a Non – Executive Director of the Company, and employees of Avante Spaces Limited, a Wholly-owned Subsidiary of the Company.

The following is the summary of ESARs granted to / vested in the Managing Director, the Executive Director and a Non-Executive Director of the Company:

Sr. No.	Particulars	No. of ESARs		
		Mr. Mahesh Chhabria, Managing Director	Ms. Aditi Chirmule, Executive Director	Mr. Vinesh Kumar Jairath, Non-Executive Director
1	ESARs granted	2,31,000	48,540	62,000
2	ESARs vested	2,31,000	48,540	33,000
3	ESARs cancelled	Nil	Nil	Nil
4	ESARs lapsed	Nil	Nil	Nil
5	ESARs exercised	1,28,300	14,500	26,400

5 DETAILS OF GENERAL BODY MEETINGS:

I. The details of the General Meetings of the members, held during the previous 3 years are as under:

Financial Year	Date	Time	Type of Meeting	Venue	Special Resolutions passed
2021-2022	9 August 2022	11.30 a.m.	Annual General Meeting	Through Video Conferencing ('VC') mode, in compliance with the provisions of the Companies Act, 2013, ('the Act') and Rules made thereunder read with the General Circular Nos. 14/2020, 17/2020, 20/2020,02/2021, 19/2021, 21/2021 and 02/2022 dated 8 April 2020, 13 April 2020, 5 May 2020, 13 January 2021, 8 December 2021, 14 December 2021 and 5 May 2022, respectively, issued by the Ministry of Corporate	1. Revision in the remuneration payable to Mr. Mahesh Chhabria, Managing Director of the Company. 2. Re-appointment of Mr. Mahesh Chhabria, as the Managing Director of the Company for a further period of 5 (five) years commencing from 4 July 2022. 3. Re-appointment of Ms. Aditi Chirmule (holding DIN 01138984) as the Executive Director of the Company, for a further period of 5 (five) years commencing from 25 January 2022. 4. Payment of remuneration, in the nature of commission or perquisite(s) arising as a result of exercise of vested Equity Settled Stock Appreciation Rights (ESARs) granted under the 'Kirloskar Industries Limited – Employees

Financial Year	Date	Time	Type of Meeting	Venue	Special Resolutions passed
				Affairs (hereinafter referred to as 'MCA Circulars') and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12 May 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15 January 2021 and SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13 May 2022, issued by SEBI, (hereinafter referred to as 'SEBI Circulars')	Stock Appreciation Rights Plan 2019' (KIL ESARP 2019), to Mr. Vinesh Kumar Jairath (holding DIN 00391684), Non-Executive Director of the Company, in excess of fifty percent of the total remuneration payable to all Non-Executive Directors of the Company for the Financial Year 2022-2023. 5. Appointment of Mr. Vijaydipak Varma (holding DIN 00011352), who was appointed as an Additional Director in the capacity of Independent Director with effect from 15 October 2021. 6. Re-appointment of Mr. D. Sivanandhan (holding DIN 03607203), as an Independent Director of the Company, to hold office for a second term upto his attaining the age of 75 years i.e. upto 2 February 2026, with effect from 11 May 2022. 7. Re-appointment of Mr. Ashit Parekh (holding DIN 00821577), as an Independent Director of the Company, to hold office for a second term of five cosecutive years with effect from 4 July 2022. 8. Appointment of Ms. Purvi Sheth (holding DIN 06449636), who was appointed as an Additional Director in the capacity of Independent Director with effect from 26 May 2022.
2020-2021	10 August 2021	11.30 a.m.	Annual General Meeting	Through Video Conferencing (VC) mode, in compliance with the provisions of the Companies Act, 2013, (the Act), and the Rules made thereunder, read with the General Circular No. 14/2020 dated 8 April 2020; the General Circular No. 17/2020 dated 13 April 2020 and the General Circular No. 20/2020 dated 5 May 2020, issued by the Ministry of Corporate Affairs (hereinafter referred to as 'Circulars') and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12 May 2020.	1. Revision in the remuneration payable to Mr. Mahesh Chhabria, Managing Director of the Company. 2. Revision in the remuneration payable to Ms. Aditi Chirmule, Executive Director of the Company. 3. Payment of remuneration, in the nature of commission or perquisite(s) arising as a result of exercise of vested Equity Settled Stock Appreciation Rights (ESARs) granted under the 'Kirloskar Industries Limited – Employees Stock Appreciation Rights Plan 2019' to Mr. Vinesh Kumar Jairath (holding DIN 00391684), Non-Executive Director of the Company, in excess of fifty percent of the total remuneration payable to all Non-Executive Directors of the Company for the Financial Year 2021-2022. 4. Keeping and maintaining the Register of Members, Register of Debenture holders, Index of Members / Debenture holders at the office of the Registrar and Share Transfer Agent of the Company, viz., Link Intime India Private Limited at Pune and other statutory registers and other registers / records to be maintained under Section 88 of the Act and copies of the Annual Returns filed under Section 92 of the Act at the place other than the Registered Office of the Company with effect from 1 June 2021.

Financial Year	Date	Time	Type of Meeting	Venue	Special Resolutions passed
2019-2020	27 August 2020	11.30 a.m.	Annual General Meeting	Through Video Conferencing (VC) mode, in compliance with the provisions of the Companies Act, 2013, (the Act), and the Rules made thereunder, read with the General Circular No. 14/2020 dated 8 April 2020; the General Circular No. 17/2020 dated 13 April 2020 and the General Circular No. 20/2020 dated 5 May 2020, issued by the Ministry of Corporate Affairs (hereinafter referred to as 'Circulars') and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12 May 2020.	1. Re-appointment of Mr. Tejas Deshpande (holding DIN 0914257) as an Independent Director of the Company to hold office for a second term of five consecutive years with effect from 28 August 2020. 2. Continuation of directorship of Mr. Anil Alawani (holding DIN 00036153) on attaining the age of 75 years on 24 August 2020, as a 'Non-Executive Non-Independent Director' of the Company, liable to retire by rotation. 3. Payment of remuneration, in the nature of commission or perquisite(s) arising as a result of exercise of vested Equity Settled Stock Appreciation Rights (ESARs) granted under the 'Kirloskar Industries Limited – Employees Stock Appreciation Rights Plan 2019' to Mr. Vinesh Kumar Jairath (holding DIN 00391684), Non-Executive Director of the Company, in excess of fifty percent of the total remuneration payable to all Non-Executive Directors of the Company for the Financial Year 2020-2021.

II. RESOLUTIONS PASSED BY POSTAL BALLOT

During the Financial Year 2022-2023, the members of the Company passed the Special Resolutions by way of Postal Ballot on 29 March 2023 and 30 April 2023.

Snapshots of the voting results of the said postal ballots are as under:

A. The members of the Company have passed the following Special Resolution(s) by way of Postal ballot on 29 March 2023.

Date of postal ballot notice	27 February 2023
Voting period	Tuesday, 28 February 2023 (9.00 a.m.) to Wednesday, 29 March 2023 (5.00 p.m.) (IST)
Name of the Scrutinizer for conducting the postal ballot voting process in a fair and transparent manner and in accordance with the Companies (Management and Administration) Rules, 2014	Mrs. Manasi Paradkar Practising Company Secretary
Date of declaration of result	31 March 2023 and 3 April 2023

Resolutions	Type of resolution	Total number of votes polled	Total votes cast in favour		Total votes cast against		Result
			No. of shares	% of votes cast	No. of shares	% of votes cast	
(i) To create, offer, issue and allot Warrants on Preferential Basis to Mr. Atul Kirloskar and Mr. Rahul Kirloskar [Proposed allottees] on the price and terms as stated in the notice entitling the proposed allottees to convert such warrants into equal number of equity shares of the Company of ₹ 10/- each within a period of 18 months from the date of allotment of warrants	Special	51,30,928	51,29,395	99.97	1,533	0.0299	Passed with requisite majority

Resolutions	Type of resolution	Total number of votes polled	Total votes cast in favour		Total votes cast against		Result
			No. of shares	% of votes cast	No. of shares	% of votes cast	
(ii) To authorise the Board to enhance the limits for giving loans, making investments and providing guarantees or security under Section 186 of the Companies Act. 2013 in one or more tranches not exceeding a sum of ₹ 400 crores over and above the 100% free reserves of the Company	Special	51,30,927	51,03,002	99.45	27,925	0.5442	Passed with requisite majority

B. The members of the Company have passed the following Special Resolution(s) by way of Postal ballot on 30 April 2023.

Date of postal ballot notice	10 March 2023
Voting period	Saturday, 1 April 2023 (9.00 a.m.) to Sunday, 30 April 2023 (5.00 p.m.) (IST)
Name of the Scrutinizer for conducting the postal ballot voting process in a fair and transparent manner and in accordance with the Companies (Management and Administration) Rules, 2014	Mrs. Manasi Paradkar Practising Company Secretary
Date of declaration of result	2 May 2023

Resolution	Type of resolution	Total number of votes polled	Total votes cast in favour		Total votes cast against		Result
			No. of shares	% of votes cast	No. of shares	% of votes cast	
(i) To approve amendments in the Kirloskar Industries Limited Employees Stock Appreciation Rights Plan 2019, (KIL ESARP 2019 / Scheme), by adding 3,00,000 ESARs into the existing ESARs pool from 4,85,000 ESARs to 7,85,000 ESARs and to give authority to Board to create, offer and grant it in one or more tranches for the benefit of such persons as mentioned in the Scheme.	Special	49,03,205	48,66,426	99.2499	36,779	0.7501	Passed with requisite majority
(ii) To consider and approve the amendment in Clause No. 8.1, i.e., (ESAR) Price in 'KIL - Employee Stock Appreciation Rights Plan 2019, by changing the percentage of discount from 40% to 50%. being a variation of terms not detrimental but beneficial to the interest of the employee.	Special	49,03,205	48,66,426	99.24	36,779	0.7501	Passed with requisite majority

6. MEANS OF COMMUNICATION:

a. Quarterly results:

The Quarterly and Half Yearly results are published in national and local dailies, viz., Financial Express (English) and Loksatta (Marathi), having wide circulation. Since the results of the Company are published in the newspapers, half yearly reports are not sent individually to the members.

The financial results and official news releases of the Company are also displayed on the website of the Company, viz., https://www.kirloskarindustries.com.

b. The NSE Electronic Application Processing System (NEAPS) and BSE Corporate Compliance and Listing Centre (the 'Listing Centre' of BSE):

The NEAPS and the Listing Centre of BSE are web-based applications designed by NSE and BSE, respectively, for corporates. All periodicals compliance filings like shareholding pattern, corporate governance report, quarterly results, etc., are filed electronically on NEAPS and the Listing Centre of BSE.

c. The Management Discussion and Analysis Report forms part of the Annual Report.

7. GENERAL INFORMATION FOR SHAREHOLDERS:

a. Annual General Meeting:

Corporate Identification Number (CIN)	L70100PN1978PLC088972
Annual General Meeting (AGM)	Date and Day : 12 August 2023, Saturday Time : 2:30 p.m. Venue : Through Video Conferencing or other Audio Visual Means (VC/ OAVM) The Company is conducting meeting through VC / OAVM pursuant to the Ministry of Corporate Affairs (MCA) Circular Nos. 14/2020, 20/2020, 02/2021, 19/2021, 21/2021, 02/2022, 17/2020, and 10/2022 dated 8 April 2020, 13 April 2020, 5 May 2020, 13 January 2021, 8 December 2021, 14 December 2021, 5 May 2022 and 28 December 2022, respectively, and SEBI Circular No. SEBI/HO/ CFD/PoD-2/ P/CIR/2023/4 dated 5th January 2023 and as such there is no requirement to have a venue for the AGM. For details, please refer to the Notice to this AGM.
Financial Year ended	31 March 2023
Book Closure	Sunday, 6 August 2023 to Saturday, 12 August 2023, (both days inclusive)
Dividend Payment Date	On or before 11 September 2023
Last date of receipt of proxy forms	The requirement of accepting Proxy Forms has been dispensed with as per MCA Circulars, as it is directed to conduct AGM through VC / OAVM.
Financial Year 2022-2023	During the year, the financial results were announced as under: First quarter : 26 May 2022 Second quarter : 8 August 2022 Third quarter : 11 November 2022 Annual : 23 May 2023
International Security Identification Number (ISIN)	INE250A01039
BSE Limited (BSE)	500243
National Stock Exchange of India Limited (NSE)	KIRLOSIND
Payment of annual listing fees	The annual listing fees for the Financial Year 2022-2023, have been paid to BSE and NSE.
Designated email address for investor services	investorrelations@kirloskar.com

b. Shareholding Pattern as on 31 March 2023:

Sr. No	Category	No. of shares	% of Shareholding
1.	Promoter and Promoter Group	70,97,924	71.81
2.	Mutual Funds	125	0.00
3.	Banks / Financial Institutions and Insurance Companies	2,11,872	2.14
4.	Other Bodies Corporates	4,39,710	4.45
5.	Foreign Institutional Investors	125	0.00
6.	Foreign Portfolio Investors	63,021	0.64
7.	Clearing Members	113	0.00
8.	NRI	27,961	0.28
9.	Trusts	907	0.01
10.	Foreign Nationals	88	0.00
11.	Hindu Undivided Family	61,637	0.62
12.	General Public	19,09,160	19.32
13.	IEPF	52,557	0.54
14.	NBFCs registered with RBI	860	0.01
15.	Body Corporates – Ltd. Liability Partnership	17,765	0.18
16.	Foreign Bank	75	0.00
	TOTAL	98,83,900	100.00

c. Distribution of Shareholding as on 31 March 2023:

Shareholding of shares		Shareholders		Shares	
From	to	Number	% to Total	Number	% to Total
(1)		(2)	(3)	(4)	(5)
1	5	16,980	97.2008	5,48,776	5.5522
501	1,000	217	1.2422	1,62,626	1.6454
1,001	2,000	118	0.6755	1,73,714	1.7575
2,001	3,000	44	0.2519	1,12,958	1.1429
3,001	4,000	21	0.1202	75,170	0.7605
4,001	5,000	17	0.0973	78,206	0.7913
5,001	10,000	30	0.1717	2,14,214	2.1673
10,001 and above		42	0.2404	85,18,236	86.1829
TOTAL		17,469	100.00	98,83,900	100.00

Dematerialisation of shares and liquidity (as on 31 March 2023)	97,93,875 (99.08%)
Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity	There are no outstanding GDRs / ADRs / Warrants as on 31 March 2023. The members of the Company approved the Special Resolutions as set out in the Notice of Postal Ballot dated 27 February 2023, read with Corrigendum dated 15 March 2023, regarding the allotment of 4,55,580 Warrants Convertible into equity (2,27,790 Warrants to Mr. Atul Kirloskar and 2,27,790 Warrant Mr. Rahul Kirloskar (Allottees) at a price of ₹ 2,195 each) on 29 March 2023.

Commodity price risk or foreign exchange risk and hedging activities:

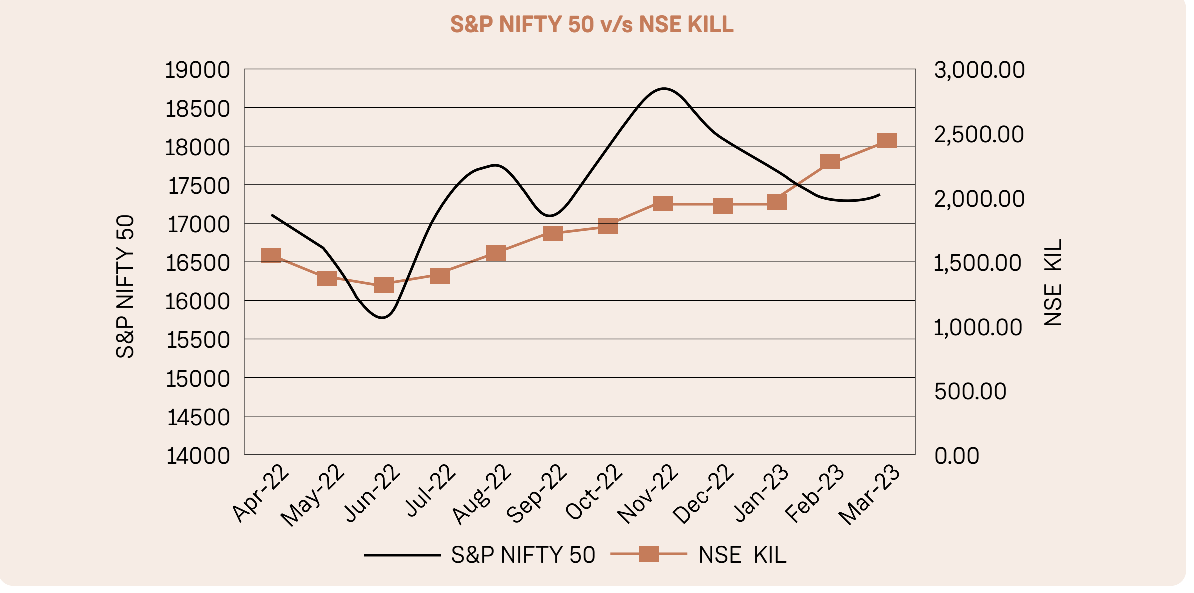
Not applicable, since the Company does not procure any commodities or have any forex inflows or outflows.

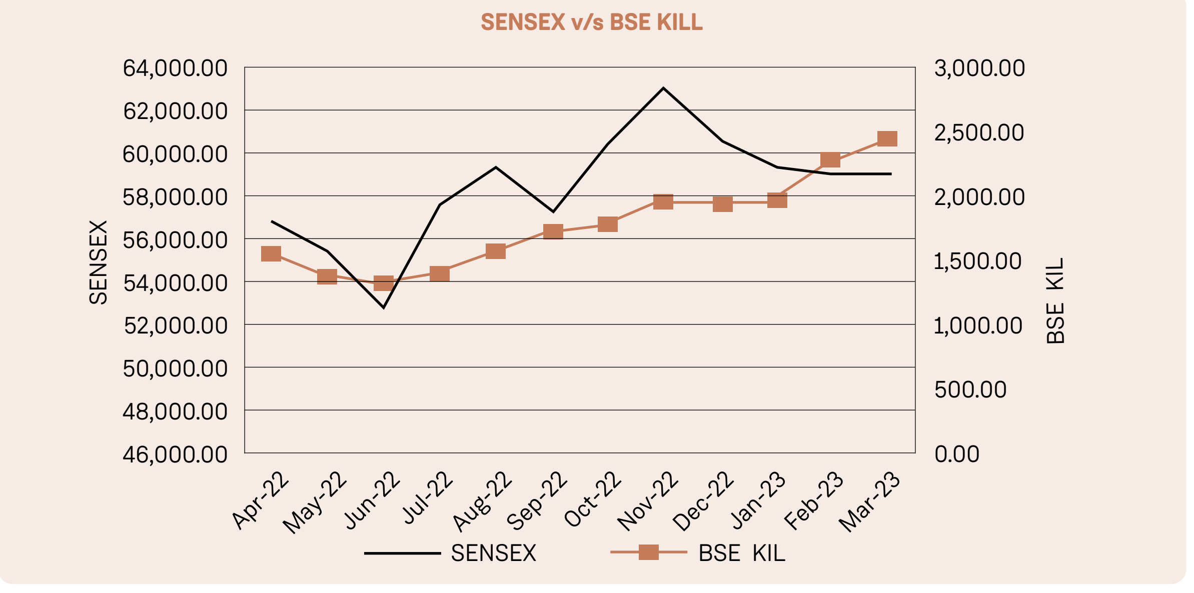
d. Market Price Data:

Monthly high / low during the year 2022-2023, on the BSE and NSE are as under:

Stock Exchange	BSE		NSE	
Month	**High (₹)**	**Low (₹)**	**High (₹)**	**Low (₹)**
April 2022	1,642.00	1,503.30	1,649.00	1508.55
May 2022	1,597.20	1,286.00	1,600.00	1,280.60
June 2022	1,432.95	1,182.00	1,540.00	1,201.05
July 2022	1,441.05	1,275.05	1,544.00	1,252.65
August 2022	1,615.00	1,347.00	1,592.05	1,349.60
September 2022	1,931.00	1,539.00	1,940.00	1,531.65
October 2022	1,887.00	1,701.55	1,895.60	1,701.10
November 2022	2,175.00	1,735.60	2,169.00	1,741.25
December 2022	2,023.70	1,751.55	2,024.90	1,771.30
January 2023	2,170.00	1,897.00	2,169.00	1,890.00
February 2023	2,339.00	1,935.55	2,300.00	1,936.10
March 2023	2,475.60	2,200.00	2,480.00	2,200.00

e. Performance of monthly close price of the Company's Scrip on the BSE and NSE as compared to the monthly close S&P Sensex and S&P CNX Nifty for the year 2022-2023:





f. Registrar and Share Transfer Agent (the R&T Agent):

The contact details of Registrar and Share Transfer Agent (the R&T Agent) are as follows:

Link Intime India Private Limited	'Akshay' Complex, Block No. 202, 2nd Floor, Off. Dhole Patil Road, Pune 411 001 Tel.: (020) 2616 1629 / 2616 0084 Email: pune@linkintime.co.in

g. Share Transfer System:

a. Pursuant to the directive of the Securities and Exchange Board of India (SEBI), physical transfer of shares has been dispensed with. Equity shares of the Company can only be transferred in dematerialised form. In reference to SEBI Circular dated January 25, 2022, the Security holder / Claimant shall submit duly filled up Form ISR-4 for processing of service request related to transmission, transposition, consolidation / sub-division / endorsement of share certificate, issue of duplicate share certificate along with requisite documents. The Company / RTA shall issue letter of confirmation after processing the service requests which shall be valid for a period of 120 days from the date of its issuance, within which the securities holder / claimant shall make a request to the Depository Participant for dematerializing the said securities.

The Form ISR-4 is available on the website of the Company and can be downloaded from the website of the Company www.kirloskarindustries.com.

Generating awareness on Dispute Resolution Mechanism:

In accordance with SEBI Letter No. SEBI/HO/OIAE/2023/03391 dated 27 January 2023, the Registrar and Share Transfer Agent has sent information as directed by SEBI with respect to "Generating Awareness on Availability of Dispute Resolution Mechanism" vide both mail and SMS to shareholders on 10 February 2023. The said mechanism has also been laced on the website of the Company.

b. Pursuant to Regulation 40 (9) of the SEBI(Listing Obligation & Disclosure Requirements Regulation, 2015), a certificate on an annual basis is issued by the Practicing Company Secretary for compliance with share transfer formalities by the Company.

h. List of all credit ratings obtained by the Company during the financial year:

Not applicable.

i. Member References:

- Permanent Account Number (PAN):

As per SEBI's guidelines and as informed from time to time by the Company, members who continue to hold shares in the physical form shall furnish a copy of PAN Card in the following cases:

a) Transferees' and Transferors' PAN Cards for transfer of shares;

b) Surviving joint holders' PAN Cards for deletion of name of deceased shareholder;

c) Legal heirs' PAN Cards for transmission of shares; and

d) Joint holders' PAN Cards for transposition of shares.

- Email Address:

In order to enable us to further extend our support towards paperless compliance as a part of Green Initiative in the Corporate Governance, which was introduced by the Ministry of Corporate Affairs (MCA) in the year 2011, the members who have not registered their email addresses, so far, are requested to register their email addresses.

Members who continue to hold shares in physical form are requested to register their email addresses with the Company / the Registrar and Share Transfer Agent and with the Depository Participants in case of shares held in dematerialised form.

- Dematerialisation of shares:

As communicated by the Company from time to time, members who hold shares in physical form are requested to dematerialise their shares through any of the nearest Depository Participants, to be able to transfer the shares.

Further, dematerialisation of shares avoids hassles involved with physical shares such as possibility of loss / mutilation of share certificate(s) and to ensure safe and speedy transaction in securities.

- Register Your National Electronic Clearing Services (NECS) Mandate:

The Reserve Bank of India (RBI) has initiated NECS for credit of dividend directly to the Bank Account of members. Members holding shares in electronic mode are requested to register their latest Bank Account details with their Depository Participants and in physical form with the Company's Registrar and Share Transfer Agent.

- **Nomination facility for shareholding:**

  As per the provisions of Section 72 of the Companies Act, 2013, (the Act), facility for making nomination is available for the members in respect of shares held by them. Members holding shares in physical form may obtain a nomination form (Form SH-13), from the Company's RTA or download the same from the Company's Website.

  Members holding shares in dematerialised form should contact their Depository Participants (DP) in this regard.

- **KYC Compliance:**

  Attention of the shareholders holding shares in physical form is imitated to furnish their PAN, KYC details and Nomination through standardized forms made available on the Company's website under the weblink at https://www.kirloskarindustries.com/investors/forms. Now the Company is in the p[process of sending individuals reminder letters to all the members holding shares of the Company in the physical form for furnishing their PAN KYC details and Nomination through standardize forms pursuant to the SEBI Circular Nos. SEBI/HO/MIRSD/MIRSD-PoD-I/P/CIR/2023/37 dated 16 march 2023. The aforesaid communication will also be intimated to the Stock Exchanges and will be available on the website of the Company.

8. OTHER DISCLOSURES:

The Company has complied with the other disclosure requirements of Regulation 34 (3) read with Schedule V of the Regulations.

i. Related Party Transactions:

During the Financial Year under review, there was no materially significant related party transaction made by the Company as defined in Regulation 23 of the Regulations that may have potential conflict with the interest of the Company at large. Transactions with the related parties are disclosed in Note No. 43 to the Financial Statements in the Annual Report.

Transactions of the Company with the promoter / promoter group(s) who hold(s) 10% or more shareholding in the Company are as follows:

₹ in Lakhs

Sr. No	Name of the Promoter / Promoter Group(s)	Nature of Relationship	Nature of Transactions	2022-2023		2021-2022	
				Transaction Value	Outstanding Amount Carried in Balance Sheet	Transaction Value	Outstanding Amount Carried in Balance Sheet
1	Mr. Atul Kirloskar	Promoter	Dividend	128.36	---	128.36	---
2	Mr. Rahul Kirloskar	Promoter	Dividend	162.17	---	162.17	---
3	Mrs. Jyotsna Kulkarni	Promoter	Dividend	117.86	---	117.86	---

ii. Details of capital market non-compliance, if any:

There have been no instances of non-compliances by the Company on any matters related to capital markets, during the last three years. Neither penalties have been imposed nor any strictures imposed on the Company by the Stock Exchanges, the Securities and Exchange Board of India or any other statutory authority on any matter related to capital markets.

iii. Whistle Blower Policy / Vigil Mechanism:

The Company has a Whistle Blower Policy/Vigil Mechanism Policy (the Policy). This Policy has provided a mechanism for Directors and employees of the Company and other persons dealing with the Company to report genuine concerns including but not limited to unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct for Board of Directors and Senior Management (the Code) or ethics policy or leakage of Unpublished Price Sensitive Information (UPSI), by any person, who is in possession of UPSI, to any other person in any manner whatsoever, except as otherwise permitted under the SEBI (Prohibition of Insider Trading) Regulations, 2015, any other instance, to the Chairman of the Audit Committee. The said policy was amended during the year and the amended policy has been uploaded and the same is available at the website on the Company; viz. https://www.kirloskarindustries.com. In line with the amended policy, the company has launched a ' kirloskar Ethics helpline' for employees to report any suspected violation / any other ethical concerns.

iv. Policy for determining 'material' subsidiaries:

As required under Regulation 16 (1) (c) of the Regulations, the Company has a policy for determining 'material' subsidiaries, which is available on www.kirloskarindustries.com.

During the year under review, as per the audited Consolidated Financial Statements of the Company for the Financial Year 2022-2023, Kirloskar Ferrous Industries Limited was a material subsidiary of the Company as per Regulation 16 (1) (c) of the Regulations.

v. Dividend Distribution Policy:

Pursuant to Regulation 43A of the Regulations, the Board of Directors has formulated a Dividend Distribution Policy which is available on www.kirloskarindustries.com.

vi. Pursuant to the Regulation 9 of the Regulations, the Board of Directors has approved the Policy for Preservation of Documents.

vii. Related Party Transactions Policy:

As required under Regulation 23 (1) of the Regulations, the Company has a Policy on Materiality Related Party Transactions and dealing with Related Party Transactions which is available on www.kirloskarindustries.com.

viii. The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of Sub-regulation (2) of Regulation 46 of the Regulations.

ix. Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of the Regulations:

Not Applicable.

x. A certificate from Mr. Mahesh Risbud, Practising Company Secretary (Registration No. 185) confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board / Ministry of Corporate Affairs or any such statutory authority, has been obtained.

xi. Recommendations given by the Committees of the Board:

During the year under review, the Board has accepted all the recommendations given by the Committees of the Board, which are mandatorily required.

xii. Statement of fees paid by the Company along with its Subsidiary Companies to Statutory Auditors:

During the Financial Year 2022-2023, the Company has paid the statutory fees, certification fees and other services to the Statutory Auditors. The details of fees paid are disclosed in Note No. 36 forming part of the Financial Statement.

xiii. Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition And Redressal) Act, 2013:

Number of Complaints pending at the beginning of the year	Nil
Number of Complaints filed during the financial year	Nil
Number of Complaints disposed off during the financial year	Nil
Number of Complaints pending at the end of financial year	Nil

xiv. During the year under review, the Company has not given any loans and advances to firms / companies in which directors are interested.

xv. Details of material subsidiaries of the Company, including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries:

Kirloskar Ferrous Industries Limited (KFIL) is a material subsidiary company of the Company. It was incorporated on 10 September 1991 at Bombay. The members of KFIL in their meeting held on 27 July 2021, re-appointed Kirtane and Pandit, LLP, Chartered Accountants as the Statutory Auditor of KFIL to hold office for another term of five years from the conclusion of the 30th Annual General Meeting till the conclusion of the 35th Annual General Meeting of KFIL.

9. DISCRETIONARY REQUIREMENTS:

The Company has complied with the mandatory requirements of Regulation 34 (3) read with Schedule V of the Regulations. The extent of adoption of discretionary requirements as per Regulation 27 (1) read with Part E of Schedule II of the Regulations, are as follows:

1. Shareholder Rights:

Since the Company publishes its quarterly results in newspapers (English and Marathi) having wide circulation and the results are also displayed on the website of the Company and the Stock Exchanges, the Company does not send any communication of half yearly performance to the members.

2. **Modified opinion in Audit Report:**

   The Company already is in the regime of un-qualified Financial Statements. There are no modified audit opinions on the Financial Statements of the Company for the year ended 31 March 2023, made by the Statutory Auditors in their Audit Report.

3. **The position of Chairman and Managing Director is separate.**

10. OTHER REQUIREMENTS:

1. **Disclosure under Schedule VI of the Regulations in respect of unclaimed shares:**

   Pursuant to SEBI Circular No. CIR/CFD/DIL/10/2010 dated 16 December 2010 and Regulation 39 (4) read with Schedule VI of the Regulations, the Company has sent two reminder letters to those members, whose share certificates have returned undelivered by the postal authorities due to insufficient / incorrect information and are lying with the Company. These share certificates will be sent to eligible members, if these members submit necessary documents to the Company.

   As on 31 March 2023, the total unclaimed equity shares are 4,958.

2. **Cost Audit Report:**

   Pursuant to the Companies (Cost Records and Audit) Rules, 2014, dated 31 December 2014, the Company was neither required to audit cost records relating to Electricity Industry (Windmills) nor required to maintain cost records in Form CRA -1 for the Financial Year 2022-2023.

11. PARTICULARS OF APPOINTMENT / RE-APPOINTMENT OF DIRECTORS:

The brief resume and other details relating to the Director who is proposed to be appointed / re-appointed, as required to be disclosed under Regulation 36 (3) of the Regulations, forms part of the Statement setting out material facts annexed to the Notice of the Annual General Meeting.

12. LOCATION OF WINDMILLS:

7 Windmills owned by the Company are located at Tirade Village, Tal. Akole, Dist. Ahmednagar.

13. ADDRESS FOR CORRESPONDENCE:

Members' correspondence should be addressed to Link Intime India Private Limited, the Registrar and Share Transfer Agent, at the address mentioned above. Members can also email their queries / grievances at investorrelations@kirloskar.com.

14. CEO / CFO CERTIFICATION:

The CEO / CFO Certificate signed by Mr. Anandh Baheti, Chief Financial Officer of the Company, was placed before the meeting of the Board of Directors held on 23 May 2023.

Declaration Under Schedule V (D) Of The Regulations By The Managing Director Of Affirmation By The Board Of Directors And Senior Management Of Compliance With The Code Of Conduct

The Members,

I, Mahesh Chhabria, Managing Director of the Company hereby declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management of Kirloskar Industries Limited, applicable to them as laid down by the Board of Directors in terms of provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendment thereunder.

For **Kirloskar Industries Limited**

sd/-
Mahesh Chhabria
Managing Director
DIN 00166049

Place: Pune
Date: 23 May 2023

Independent Auditors' Certificate on of Corporate Governance

The Members
Kirloskar Industries Limited
Office No. 801, 8th Floor, Cello Platina, Fergusson College Road, Shivajinagar,
Pune 411 005

1. We have examined the compliance of conditions of Corporate Governance by Kirloskar Industries Limited ('the Company'), for the year ended on March 31, 2023, as stipulated in Regulations 17 to 27 and Clauses (b) to (i) of Regulation 46 (2) and Para C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations").

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

4. We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India ("ICAI"), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the ICAI.

6. Based on our examination of the relevant records and according to the best of our information and explanations provided to us, we certify that the Company has complied with the conditions of regulations of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

7. We 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.

8. The certificate is issued solely for the purpose of complying with the aforesaid Listing Regulations and may not be suitable for any other purpose.

For **Kirtane and Pandit, LLP**
Chartered Accountants
Firm Registration Number: 105215W/W100057

Sd/-
Parag Pansare
Partner
Membership Number: 117309
UDIN: 23117309BGQUZB4946

Pune, May 23, 2023

Business Responsibility and Sustainability Report (BRSR)

Section A	General Disclosures
Section B	Management and Process Disclosures
Section C	Principle wise Performance Disclosures
Principle 1	Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.
Principle 2	Businesses should provide goods and services in a manner that is sustainable and safe.
Principle 3	Businesses should respect and promote the well-being of all employees, including those in their value chains.
Principle 4	Businesses should respect the interests of and be responsive to all its stakeholders.
Principle 5	Businesses should respect and promote human rights.
Principle 6	Businesses should respect and make efforts to protect and restore the environment.
Principle 7	Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.
Principle 8	Businesses should promote inclusive growth and equitable development.
Principle 9	Businesses should engage with and provide value to their consumers in a responsible manner.

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1.	**Corporate Identity Number (CIN) of the Company**	L70100PN1978PLC088972
2.	**Name of the Company**	Kirloskar Industries Limited (KIL)
3.	**Year of Incorporation**	1978
4.	**Registered office address**	Office No. 801, Cello Platina, 8th Floor, Fergusson College Road, Shivajinagar, Pune 411005
5.	**Corporate office address**	Office No. 801, Cello Platina, 8th Floor, Fergusson College Road, Shivajinagar, Pune 411005
6.	**E-mail**	investorrelations@kirloskar.com
7.	**Telephone**	020-29704374
8.	**Website**	www.kirloskarindustries.com
9.	**Financial year for which reporting is being done**	2022-2023
10.	**Name of the Stock Exchange(s) where shares are listed**	BSE Limited National Stock Exchange of India Limited
11.	**Paid-up Capital**	₹ 988.39 lakhs
12.	**Name and contact details (telephone, email address) of the person for BRSR Reporting**	Mrs. Ashwini Mali, Company Secretary and Compliance Officer 020-29704374 ashwini.mali@kirloskar.com
13.	**Reporting boundary**	The disclosures under this Report made on a standalone basis. The link to the BRSR report of the Material Subsidiary, Kirloskar Ferrous Industries Limited (KFIL), is provided at the end of this Report. Notes in this Report contain additional information about Avante Spaces Limited (Avante), a Wholly-Owned subsidiary of the Comapny

II. Products/Services

14. Details of business activities (accounting for 90% of the turnover):

Sr. No.	Description of Main Activity	Description of Business Activity	% Of Turnover of the entity
1	Investments (Properties and Securities)	Investing in group companies, securities, and leasing of the properties	97%
2	Wind Power Generation	The Company sells its generated wind power units to third-party consumers.	3%

15. Products/Services sold by the entity (accounting for 90% of the turnover):

Sr. No.	Product/Services	NIC Code	% Of total turnover contributed
1	Investments (Properties and Securities)	-	97%
2	Wind Power Generation	400	3%

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

Sr. No.	Location	Number of plants	Number of offices	Total
1.	**National** **Office:** **1. Registered Office:** Office No. 801, 8th Floor, Cello Platina, Fergusson College Road, Shivajinagar, Pune	2	2	2
	2. Mumbai Office **Plant:** **Bopodi Plant:** Laxmanrao Kirloskar Road, Khadki, Pune 411003 **Windmill Plant:** Tirade Village, Tal. Akole, Dist. Ahmednagar			
2.	**International**	0	0	0

17. Markets served by the entity

a. Number of locations

Sr. No.	Number of Locations served	Number
1	National (Number of states)	1
2	International (Number of countries)	0

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Nil

c. A brief on types of customers

The Company is in the business of wind power generation and selling the same to third-party consumer. Also, the Company owns lands and buildings there on and offices in Pune and Jaipur. The Company has given most of these lands and buildings and offices on leave and license basis to group and other Companies.

IV. Employees

18. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

Sr. No.	Particulars	Total (A)	Male No. (B)	Male % (B/A)	Female No. (C)	Female % (C/A)
Employees						
1.	Permanent (D)	13	7	53.85	6	46.15
2.	Other than permanent (E)	1	0	0.00	1	100.00
3.	**Total employees (D+E)**	**14**	**7**	**50.00**	**7**	**50.00**
Workers						
4.	Permanent (F)	0	0	0	0	0
5.	Other than permanent (G)	0	0	0	0	0
6.	**Total workers (F+G)**	**0**	**0**	**0**	**0**	**0**

b. Differently abled Employees and workers:

Sr. No.	Particulars	Total (A)	Male No. (B)	Male % (B/A)	Female No. (C)	Female % (C/A)
Differently abled Employees						
1.	Permanent (D)	0	0	0	0	0
2.	Other than permanent (E)	0	0	0	0	0
3.	**Total Differently abled employees (D+E)**	**0**	**0**	**0**	**0**	**0**
Differently abled Workers						
4.	Permanent (F)	0	0	0	0	0
5.	Other than permanent (G)	0	0	0	0	0
6.	**Total Differently abled workers (F+G)**	**0**	**0**	**0**	**0**	**0**

19. Participation/Inclusion/Representation of women

Particulars	Total No. (A)	No. and percentage of Females No. (B)	No. and percentage of Females % (B/A)
Board of Directors	11	2	18.18
*Key Management Personnels (KMPs)	4	2	50.00

* 2 out of 4 KMPs are also Board Members.

20. Turnover rate for permanent employees and workers:

Category	FY 2023 Male (%)	FY 2023 Female (%)	FY 2023 Total (%)	FY 2022 Male (%)	FY 2022 Female (%)	FY 2022 Total (%)	FY 2021 Male (%)	FY 2021 Female (%)	FY 2021 Total (%)
Permanent employees	0	15%	8%	15%	0%	7%	0%	0%	0%
Permanent workers	NA	NA	NA	NA	NA	NA	NA	NA	NA

V. Holding, Subsidiary and Associate Companies (including Joint ventures)

21. Names of holding / subsidiary / associate companies / joint ventures

Sr. No.	Name of the holding / subsidiary / associate companies / joint ventures	Is it a holding/ Subsidiary/ Associate/ Joint Venture	% Of shares held by listed entity	Does the entity participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Kirloskar Ferrous Industries Limited	Subsidiary	50.84	No
2	Avante Spaces Limited	Subsidiary	100.00	NA
3	ISMT Limited	Subsidiary of KFIL	4.99	No
4	Kirloskar Brothers Limited	Associate	23.91	No

VI. CSR details

22. I. Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes

II. If yes, Turnover – ₹ 118.33 Crores

III. Net worth - ₹ 1,286 Crores

VII. Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (principles 1 to 9) under the National Guidelines on Responsible Business Conduct (NGBRC):

Stakeholder group from whom complaint is received	Grievance Redressal Mechanis m in Place (Yes/No) (If yes, then provide web-link for grievance redress policy)	FY 2023			FY 2022		
		No. of complaints filed during the year	No. of complaints pending resolution at close of the year	Remarks	No. of complaints filed during the year	No. of complaints pending resolution at close of the year	Remarks
Communities	Yes	0	0		0	0	
Investors	Yes	0	0		0	0	
Shareholders	Yes	2	0		0	0	
Employees and workers	Yes	0	0		0	0	
Customers	Yes	0	0		0	0	
Value Chain Partners	Yes	0	0		0	0	
Other (please specify)	Yes	0	0		0	0	

All the above mentioned stakeholders can lodge a compliant through Company's Whistle-Blower Policy – Vigil Mechanism (weblink - https://www.kirloskarindustries.com/documents/779558/09b3b558-9c5b-37a3-1f6f-f00520e1667c) **or through**

Grievance Redressal Policy (weblink - https://www.kirloskarindustries.com/documents/779558/6fbd7f67-ba84-b985-4a3d-84449d838e94

24. Overview of the entity's material responsible business conduct issues

Sr. No.	Material issue identified	Is it risk or opport unity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate (Measures for enhancing opportunities are also indicated)	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Employee health and safety	Risk	• Health and Safety has an impact on employees well-being (ill health) and overall productivity apart from decreased in the Company image and customer confidence.	• To promote occupational health and safety and a conducive work environment, numerous efforts are adopted. • The Company is having office protocols in place to ensure safety and hygiene practices are followed. • Our employee assistance programme, "MediBuddy," makes it simpler for staff to obtain fast access to necessary medical treatment.	Neutral- • Cost put towards employee health and safety improvement will yield positive results in the long term though it may have financial impact on the Company. • Continuous safety improvement will increase confidence of current and prospective employees.
2.	Business ethics	Opport unity	• Helps in reducing fines and improving our brand and reputation. It also helps in alignment with the business's core values and operating in an ethical manner, as per governing laws as well.	• The Company follows ethical practices for its business conduct that guides all the employees for fair and responsible behavior and enables a culture of compliance. • The Company has adopted Code of Conduct for the Board of Directors and Senior Management of the Company and all members of the Board, and all senior management sign a declaration agreeing to follow the Code. • To promote the values of the Company, the top management of the Company communicates with its employees via email and speak outs on a frequent basis.	Positive- • Improves workplace culture, and strengthens legal compliance and public reputation. Reinforces customer, partner, supplier and local communities' engagement and loyalty. • Better work environment leads to overall business reputation, success, and development of employees. • Drives the Company to evolve as a good corporate citizen by implementing the highest degree of transparency, integrity, accountability, and corporate social responsibility.

Sr. No.	Material issue identified	Is it risk or opport unity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate (Measures for enhancing opportunities are also indicated)	Financial implications of the risk or opportunity (Indicate positive or negative implications)
3.	Circular economy	Risk and Opport unity	• Adopting circular economy will have long term impact on sustainable use of resources and may lead to cost saving in some cases. • It helps in reducing the environmental impact of the industrial processes, such as Greenhouse gasesImprove s brand value and can bring in more investment	• The Company, through its Environment, Social and Governance Policy is committed to promote a circular economy by reutilization of resources and thereby reduce waste generation at source.	Positive- • By reducing waste and keeping resources in use for longer the Company may reduce their reliance on costly virgin material and minimize disposal cost thus improving profit.
4	Talent Management	Opportunity	Employees are contributors to value creation. Attracting talented people and training them adequately to build their competencies and skills is critical to driving Company's future growth by providing a quality differentiator.	• The selected candidates are on boarded into the organization andthe Company has 'buddy system', each candidate gets a buddy for a few months to guide them during this transition. • To promote learning and developing, the Company has recently launched 'Employee Development Policy' to encourage our employees to pursue higher education. • The Company recognizes consistent performers. through a quarterly recognition programme, in which it felicitates the winners as 'Value Champions'.	Positive- • Ensures retention of talent, improves efficiency and productivity in achieving strategic goals and enhancing business performance.
5	Community relations	Opportunity	• Business must be rooted in community and be aligned with its larger interests. Any negative impact can inhibit the Company's ability to create long- term value.	• The Company implements program focusing on local community development on initiatives like employment generation, education, healthcare, and hygiene. • Have developed education programmes through Kirloskar Institute of Management and have supported youth skill development through initiatives run by the S L Kirloskar CSR Foundation.	Positive – • Creating balanced relationships with the community provides a secure, social environment to operate. Also, being socially responsible, the Company believes in the holistic improvement of the ecosystem.

Sr. No.	Material issue identified	Is it risk or opport unity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate (Measures for enhancing opportunities are also indicated)	Financial implications of the risk or opportunity (Indicate positive or negative implications)
6.	Human rights	Risk	• Changing regulations around human rights pose a challenge • Violation can lead to damaging the reputation and brand image. • It also impacts workers health and well- being. • It can lead to legal cases.	• The Company's Human Rights Policy meets national regulatory requirements such as International Bill of Human Rights and other relevant Acts and standards, wherever applicable. • The Company is not complicit in any human rights violation by its contractors and suppliers. • The Company ensures that there is no discrimination at workplace through its Human Rights Policy. • The Company is having a strong policy in place to prevent sexual harassment of employees to provide a conducive work environment and ensure that employees at all levels collaborate in an atmosphere free of gender discrimination, violence, and harassment.	Negative - • Any violation can lead to severe reputational and financial risk.
7	Climate action	Risk and Opportunity	• Climate change offers opportunities arising from innovations in emissions, energy efficiency and renewable energy.	• The Company is committed to ensure environmental protection and safety and is fully aware of global environmental issues.	Neutral- • Additional cost to be incurred to prevent / mitigate the impact of climate change in the short-term to medium term. • Benefits will accrue in the medium / long- term to the Company as well as the stakeholders.
8	Sustainable innovation	Opportunity	• In the view of global climate issues, innovative solutions offered by business will help create more value across the stakeholders.	NA	Positive – • Commitment to provide consistently high quality products and services in a responsible and timely manner.

Sr. No.	Material issue identified	Is it risk or opport unity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate (Measures for enhancing opportunities are also indicated)	Financial implications of the risk or opportunity (Indicate positive or negative implications)
9	Data privacy	Risk	• Risk of malicious exploitation or intrusion impacts on financial cost, and loss of confidence from stakeholders, it also puts the Company's as well as the customer's data at risk. • Inadequate prevention, detection, and remediation of data security threats can damage the Company's reputation and thus influence customer acquisition and retention, resulting in decreased market share and lower demand for the Company's products / services.	• Implemented operational technology network, monitoring and threat detection, incident response process. • Implemented multiple controls to ensure data security and privacy including user awareness and training programs.	Neutral- • Provides adequate assurance and confidence to the customers and employees for the Protection of their sensitive data. • Greater confidence of its customers and partners in its supply chain and products.
10	Responsible supply chain	Risk and Opport unity	• Lack of sustainable sourcing, approaches and efforts to build resilient supply chain can lead to supply / business disruptions due to unforeseen circumstances. • Responsible supply chain may lead to cost savings and efficient usage of resources, reduction in transport related emissions.	• The Company has integrated environmental, ethical social performance factors in to the process of selecting and periodically evaluating its key suppliers.	Positive- • Creating multiple opportunities for local and small entrepreneurs, to boost local economy. In the long run, this may result in efficient supply chain and cost saving.
11	Corporate Governance	Opportunity	• It ensures a transparent communicatio n and sound relationship among the Company's stakeholders. • It also assists the Senior Management team to handle theCompany's business in an ethicaland transparent manner.	• NA	Neutral- • This ensures alignment with the Company's philosophy of being a responsible corporate citizen ensuring the best interest of all its stake holders across the value chain.

Sr. No.	Material issue identified	Is it risk or opport unity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate (Measures for enhancing opportunities are also indicated)	Financial implications of the risk or opportunity (Indicate positive or negative implications)
12	Transparent Disclosures	Risk	• Transparent disclosures are deemed necessary for the Company's operations, progress, and setbacks. This is done through disclosure of annual reports and/ or sustainability reports, including payment and disclosure of the taxes. The Company pays in a fair manner as per the applicable regulations, Corporate Social Responsilbity (CSR) spends, political donations, etc.	• The Company makes sure that all pertinent information is accurately and immediately conveyed to its shareholders, investors, workers, and other stakeholders in order to keep its commitment to transparent disclosures.	Neutral – • Publicly available disclosures to ensure long-term sustainability.

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies, and processes put in place towards adopting the National Guidelines on Responsible Business Conduct (NGRBC) principles and core elements. These are briefly as under:

P1	Businesses should conduct and govern themselves with integrity and in a manner that is ethical, transparent, and accountable
P2	Businesses should provide goods and services in a manner that is sustainable and safe
P3	Businesses should respect and promote the well-being of all employees, including those in their value chains
P4	Businesses should respect the interests of and be responsive to all its stakeholders
P5	Businesses should respect and promote human rights
P6	Businesses should respect and make efforts to protect and restore the environment
P7	Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent
P8	Businesses should promote inclusive growth and equitable development
P9	Businesses should engage with and provide value to their consumers in a responsible manner

Policy and Management processes

	Points	P1	P2	P3	P4	P5	P6	P7	P8	P9
1 . (a)	**Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)**	Y	Y	Y	Y	Y	Y	Y	Y	Y
1 (b)	**Has the policy been approved by the Board? (Yes/No)**	Y	Y	Y	Y	Y	Y	Y	Y	Y
1 (c)	**Web Link of the Policies, if available**	Policies are uploaded on the Company' website at https://www.kirloskarindustries.com/investors/policies and on the Company's intranet.								
2.	**Whether the entity has translated the policy into procedures. (Yes / No)**	Y	Y	Y	Y	Y	Y	Y	Y	Y

	Points	P1	P2	P3	P4	P5	P6	P7	P8	P9
3	**Do the enlisted policies extend to your value chain partners? (Yes/No)**	The Company strives to influence its Partners in the value chain to participate in responsible and sustainable business conduct depending upon their means and resources. All policies have been developed based on industry practices, as per the regulatory requirements and through appropriate consultation with relevant stakeholders.								
4	**Name of the national and international codes / certifications / labels / standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.**	Policies have been developed considering relevant Acts like The Companies Act, 2013, The Sebi (Listing Obligations and Requirements) Regulations, 2015 and other applicable Acts, Rules and Regulations. Avante Spaces Limited (Avante), our Wholly-Owned Subsidiary has received a precertification of 'Platinum Rating' from Indian Green Building Council (IGBC) for our first project 'One Avante'. The term "Platinum IGBC Green Building Rating" refers to the highest level of certification awarded by the IGBC for green buildings in India. The IGBC offers a rating system for evaluating the sustainability and environmental performance of buildings, which includes various criteria such as site selection, water efficiency, energy efficiency, materials used, indoor environmental quality, and innovation. Avante is fully compliant with the guidelines of National Buildings Construction Corporation (NBCC) and IGBC.								
5	**Specific commitments, goals and targets set by the entity with defined timelines, if any.**	Currently the Company is in process of setting uptargets related to key material issues identified in the materiality study that will not only help mitigating all the ESG related risks, but also ensuring long term sustainability of the business.								
6	**Performance of the entity against the specific commitments, goals, and targets along-with reasons in case the same are not met.**	Not Applicable								

Governance, leadership, and oversight

	Points	P1	P2	P3	P4	P5	P6	P7	P8	P9
7	**Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets, and achievements (listed entity has flexibility regarding the placement of this disclosure)**	Please refer to message from the Leadership Desk (Chairman and Managing Director)								
8	**Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).**	Mr. Mahesh Chhabria, Managing Director DIN 00166049 020-29704374 mahesh.chhabria@kirloskar.com Mr. Mahesh Chhabria, Managing Director oversees the implementation of Business Responsibility policies and reports to the Board on the progress made by the Company in its ESG journey.								
9	**Does the entity have a specified Committee of the Board / Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.**	The Company has formulated ESG Governance Structure within the Company which is overlooked by Independent Directors Committee at the Kirloskar Group level. The Company Management is also a part of the ESG Core Committee of the Company. The details are mentioned on page no. 18.								

10 Details of Review of NGRBCs by the Company

		a. Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee								
	Subject to Review	**P1**	**P2**	**P3**	**P4**	**P5**	**P6**	**P7**	**P8**	**P9**
1	**Performance against above policies and follow up action**	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	**Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances**	Y	Y	Y	Y	Y	Y	Y	Y	Y
		b. Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
1	**Performance against above policies and follow up action**	As a practice, all the Policies of the Company are reviewed periodically or on a need basis and placed before the Board of Directors, as and when required. During this evaluation, the effectiveness of these Policies is examined, and any necessary adjustments to the policies and procedures are put into place.								
2	**Compliance with statutory requirements of relevance to the principles, and the rectification of any non-compliances**	The Company follows the extant regulations as applicable.								

		P1	P2	P3	P4	P5	P6	P7	P8	P9
11	**Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.**	The Company has evaluated its policies internally. They are reviewed on a periodic basis as mentioned above.								

Y-Yes, N-No, NA-Not Applicable

12. If answer to question (1) above is "No" i.e., not all Principles are covered by a policy, reasons to be stated:

	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The entity does not consider the principles material to its business (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
2	The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
3	The entity does not have the financial or/human and technical resources available for the task (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
4	It is planned to be done in the next financial year (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
5	Any other reason (please specify)	NA	NA	NA	NA	NA	NA	NA	NA	NA

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the principles and core elements with key processes and devisions. The information sought is categorised as " Essential" and "Leadership" while the essential indicators are expected to be disclosed by every entity be voluntarily disclosed by entities that aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

Principle 1

Business should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

ESSENTIAL INDICATORS

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year

Sr. No.	Segment	Total number of training & awareness programmes held	Topics / principles covered under the training	% Of persons in respective category covered by the awareness programmes
1	Board of Directors	5	All Board Members are made aware of all the latest applicable legal, regulatory and business developments / updates, by way of presentations where Directors have an opportunity to interact with Key Management Personnel. Presentations cover, inter alia, quarterly and annual results, budgets, review of internal audit report, information on business performance, operations, financial parameters, senior management change, major litigations, compliances, risk assessment and minimisation procedures and regulatory scenarios and such other areas as may arise from time to time. The details about information on business performance, operations and financials of subsidiary companies are also forming part of the presentation.	100
2	Key Managerial Personnel*	5		100

Sr. No.	Segment	Total number of training & awareness programmes held	Topics / principles covered under the training	% Of persons in respective category covered by the awareness programmes
			Further, awareness was created on ESG and BRSR requirements, gap analysis and proposed action planning. The Board Members and other KMPs also participated in ESG Materiality Assessment Survey and Workshop. Training and Familiarization Programme for Directors: https://www.kirloskarindustries.com/documents/779558/543c7d1f-3a54-dd7b-6f6d-12b0a884ec29	
3.	Employees other than BOD and KMPs	2	Training and awareness programs covered POSH (Prevention of Sexual Harassment), Regulatory Compliances and ESG Awareness	100
4	Workers	NA	NA	NA

*2 Out of 4 KMPs are also Board Members

2. Details of fines / penalties / punishment / award / compounding fees / settlement amount paid in proceedings (by the entity or by its directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions in FY 2023

There were no such instances during the Financial Year 2022-2023.

3. Of the instances disclosed in Question 2 above, details of the Appeal / Revision preferred in cases where monetary or nonmonetary action has been appealed

Not Applicable.

4. Does the entity have an anti-corruption policy or antibribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

The Company and its subsidiaries have zero tolerance for unethical business practices, and through the necessary policies and codes, they forbid bribery and corruption in all of their commercial operations.

The Company adheres to the recently updated Employee Code of Conduct of the Kirloskar Group. This code establishes standards for ethical business behavior, outlining expectations regarding employee and supply chain partner conduct, particularly in relation to unethical practices such as bribery and corruption.

The Company has Whistle-Blower Policy – Vigil Mechanism (Policy) to govern its operations. The Policy expects employees and any person dealing with the Company to be ethical, accountable and transparent in their conduct with discharging their respective duties. It addresses issues such as Unpublished Price Sensitive Information (UPSI). The whistle-blower has access to the Ethics Committee / Ombudsman / Counsellor of the Company.

5. No of Directors/KMPs/Employees against whom disciplinary action was taken by any law enforcement agency for the charges of bribery / corruption

Segment		FY 2023	FY 2022
1	Directors	0	0
2	Key Managerial Personnel	0	0
3	Employee	0	0
4	Workers	0	0

6. Details of complaints with regard to conflict of interest

Segment	FY 2023		FY 2022	
	Number	Remarks	Number	Remarks
1 Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	NA	0	NA
2 Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	NA	0	NA

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators / law enforcement agencies / judicial institutions, on cases of corruption and conflicts of interest.

Not applicable.

LEADERSHIP INDICATORS

1. Awareness programmes conducted for value chain partners on any of the principles during the financial year:

Total number of awareness programmes held	Topics / principles covered under the training	% Of value chain partners covered (by value of business done with such partners) under the awareness programmes
0	0	0

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If yes, provide details of the same.

Yes, the Company and its subsidiaries ensure adherence to pertinent standards, particularly those relating to conflict of interest, and have zero tolerance for unethical business practices. The Company has a Code of Conduct for Directors and Senior Management as well as a Whistle Blower Policy -Vigil Mechanism.

The Managing Director gives a declaration confirming all the Directors and SMP adherence to the Code of Conduct in the Corporate Governance Report of the Annual Report.

Principle 2

Businesses should provide goods and services in a manner that is sustainable and safe

ESSENTIAL INDICATORS

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

Sr. No.	Segment	FY 2023	FY 2022	Details of improvements in environmental and social impacts
1	R&D	NA	NA	NA
2	Capex	NA	NA	NA

Note: The Company is an unregistered Core Investment Company and has the principle business of investing in the group companies, including its operating – Wholly Owned Subsidiary viz., Avante Spaces Limited (Avante). Avante and other investee companies actively use and invest in new technologies in their business and the R&D expenses of those companies are reflected in their respective Annual Accounts.

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Since the Company's primary operations include windmill operations and investments (properties and securities), sourcing is not a major portion of daily business operations. However, the Company nurtures a culture of conservation of resources and encourages innovation that aid in reducing the dependence on natural resources.

Avante Spaces Limited (Avante), a wholly-owned subsidiary company of the Company is committed to sustainable sourcing practices.. Avante is developing commercial real estate and is adhering to IGBC norms which gives greater emphasis on sustainable sourcing. Based on the practices followed by Avante, IGBC has pre-certified Platinum rating for the first project "One Avante".

If yes, what percentage of inputs were sourced sustainably?

Not applicable

3. **Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste**

The Company safely disposes its E-waste for recycling at Green India E-waste and Recycling OPC Pvt. Ltd. Hazardous and other wastes are not applicable for its business operations.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

Considering the nature of business of the Company, the above is not applicable.

LEADERSHIP INDICATORS

1. **Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

NIC Code	Name of Product/ Service	% Of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
NA	NA	NA	NA	NA	NA

2. **If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

Name of Product/Service	Description of the risk / concern Action Taken	Description of the risk / concern Action Taken
NA	NA	NA

3. **Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

Indicate input material	Recycled or re-used input material to total material	
	FY 2023	FY 2022
NA	NA	NA

4. **Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:**

	FY 2023			FY 2022		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	NA	NA	NA	NA	NA	NA
E-waste	NA	0.025	NA	NA	NA	NA
Hazardous waste	NA	NA	NA	NA	NA	NA
Other Waste	NA	NA	NA	NA	NA	NA

5. **Reclaimed products and their packaging materials (as percentage of products sold) for each product category**

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
NA	NA

Principle 3

Businesses should respect and promote the well-being of all employees, including those in their value chains

ESSENTIAL INDICATORS

1. a. Details of measures for the well-being of employees:

Category	Total (A)	% Of employees covered by									
		Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Employees											
Male	7	7	100%	7	100%	0	0	7	100%	0	0
Female	6	6	100%	6	100%	6	100%	0	0	0	0
Total	**13**	**13**	**100%**	**13**	**100%**	**6**	**46.15%**	**7**	**53.84%**	**0**	**0**
Other than Permanent Employees											
Male	0	0	0	0	0	0	0	0	0	0	0
Female	1	1	100%	0	0	0	0	0	0	0	0
Total	**1**	**1**	**100%**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

b. Details of measures for the well-being of workers:

Category	Total (A)	% Of workers covered by									
		Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Workers											
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**

Category	Total (A)	% Of workers covered by									
		Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Other than permanent workers											
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**

2. Details of retirement benefits for Current and Previous FY

Benefits	FY 2023			FY 2022		
	No. of employee s covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
1 PF	100	NA	Y	100	NA	Y
2 Gratuity	100	NA	NA	100	NA	NA
3 ESI	NA	NA	NA	NA	NA	NA
4 Superannuation	30	NA	Y	30	NA	Y

3. Accessibility of workplaces - Are the premises / offices of the entity accessible to differently abled employees, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes, the Company is providing required supports to make its offices accessible to differently abled employees.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

The Company through its policies is committed to equal opportunity without discrimination on any grounds.

5. Return to work and Retention rates of permanent employees that took parental leaves

Gender	Permanent Employees		Permanent Workers	
	Return to work Rate (%)	Retention Rate (%)	Return to work Rate (%)	Retention Rate (%)
Male	100%	NA	NA	NA
Female	NA	NA	NA	NA
Total			**NA**	**NA**

6. Is there a mechanism available to receive and redress grievances for the following categories of employees? If yes, give details of the mechanism in brief.

Yes, the Company has a Whistle Blower – Vigil Mechanism Policy and Prevention of Sexual Harassment for its employees to report their concerns confidently and anonymously, and without fear of any retaliation.

In addition to existing mechanism, recently a Kirloskar Ethics Helpline which is managed by the independent external agency is introduced. Employees across all locations can lodge grievance through a toll-free number, voicemail, independent website, email or by post.

		Yes/No (If yes, then give details of the mechanism in brief)
1	Permanent workers	NA
2	Other than Permanent Workers	NA
3	Permanent Employees	Yes, the Company strives to create a culture which is fair, open and transparent and where employees can openly present their views. The Company transparently communicates its Policies and practices such as performance metrices, variable pay metrices, compliance and other processes. The Company enables employees to work without fear of prejudice, gender discrimination and harassment. It has zero tolerance on non- compliance of these principles. The Company has independent helpline number for employees to report their concerns.
4	Other than Permanent Employees	

7. Membership of employees in association(s) or Unions recognised by the listed entity

Category	FY 2023			FY 2022		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / Workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Total Permanent Employees						
Male	0	0	0	0	0	0
Female	0	0	0	0	0	0
Total Permanent Workers						
Male	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA

8. Details of training given to employees

Category	FY 2023					FY 2022				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No (B)	% (B/A)	No (C)	% (C/A)		No (E)	% (E/D)	No (F)	% (F/D)
Employees										
Male	7	-	-	6	86%	6	-	-	-	-
Female	7	-	-	4	57%	8	-	-	-	-
Total	**14**	**-**	**-**	**10**	**71%**	**14**	**-**	**-**	**-**	**-**
Workers										
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**

9. Details of performance and career development reviews of employees and workers:

Category	FY 2023			FY 2022		
	Total (A)	No (B)	% (B/A)	Total (C)	No (D)	% (D/C)
Employees						
Male	7	5	71%	6	4	67%
Female	7	4	57%	8	5	63%
Total	**14**	**9**	**64%**	**14**	**9**	**64%**
Workers						
Male	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA
Total	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**

10. Health and Safety Management System

a. **Whether an occupational health and safety management system has been implemented by the entity? (Yes / No). If yes, the coverage such system?**

Yes, the Company is committed to provide a safe and healthy workplace by minimizing the risk of accidents, injury and exposure to health risks and it complies with applicable laws and regulations with respect to safety at workplace. Various facilities are available at the Company's offices such as proper ventilation, hygiene and sanitation, safety audit, emergency exits, first aid box, etc.

b. **What are the processes used to identify work related hazards and assess risks on a routine and non-routine basis by the entity?**

Considering the nature of business, this is not directly applicable.

c. **Whether you have processes for employees to report the work-related hazards and to remove themselves from such risks. (Y/N)**

Considering the nature of business, this is not directly applicable.

d. **Do the employees of the entity have access to non-occupational medical and healthcare services? (Yes / No)**

Yes, the Company has insured its employees under medical hospitalization, accident, and term insurance. Periodic e-wellness communications address the health awareness needs across the Company. Annual Employee Wellness (Preventive) Health Checkups followed by counselling and Health and Lifestyle Risk Assessment to promote well-being at individual level.

11. Details of Safety related incidents

Safety Incident/Number	Category	FY 2023	FY 2022
1 Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	NA	NA
2 Total recordable work-related injuries	Employees	0	0
	Workers	NA	NA
3 No. of fatalities	Employees	0	0
	Workers	NA	NA
4 High consequence work-related injury or ill- health (excluding fatalities)	Employees	0	0
	Workers	NA	NA

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

Measures that were taken by the Company include the provision of flexi timing, the requirement of compulsory availing 20 days leave annually, maternity leave for women, paternity leave for male employees, birthday leave provision, promotes a healthy work-life balance. Employee health is critical for Company's sustainable growth and in keeping with this, annual health check-up is conducted for employees as per the prescribed protocol.

13. Number of Complaints on the following made by employees

	FY 2023			FY 2022		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0	NA	0	0	NA
Health & Safety	0	0	NA	0	0	NA

14. Assessments for the year

	% Of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%.
Working Conditions	The Company strives to keep the workplace environment safe, hygienic, and humane, upholding the dignity of the employees.

15. **Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.**

    The Company pro-actively takes steps / actions to prevent any mishaps. Hence, there have been no complaints filed related to health,safety and working conditions.

LEADERSHIP INDICATORS

1. **Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N)?**

   All employees are covered under term insurance in event of death.

2. **Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partner.**

   The Company mandates that statutory dues are deducted and deposited regularly by the value chain partners. Statutory compliances are reviewed every month by obtaining a compliance report.

3. **Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

	Total no. of affected employees/workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2023	FY 2022	FY 2023	FY 2022
Employees	0	0	0	0
Workers	NA	NA	NA	NA

4. **Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)**

   Not applicable.

5. **Details on assessment of value chain partners:**

	% Of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	Considering the nature of business of the Company, this is not directly applicable.
Working Conditions	

6. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

   Not applicable as no significant risks / concerns was identified.

Principle 4

Businesses should respect the interests of and be responsive to all its stakeholders

ESSENTIAL INDICATORS

1. Describe the processes for identifying key stakeholder groups of the entity.

Individual or group concerned or interested with or impacted by the activities of the businesses and vice versa, now or in the future are identified as key stakeholders by the Company. Based on this, the key stakeholders are shareholders, investors, customers, government and regulators, employees, and society.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group

Stakeholder group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	No	- Emails, Notices, Displays, Meetings, intranet, website Review Meetings, - Get-togethers - Employees Engagement Activities - KORE Platform (e- Learning Management System), Trainings, Theme Based Virtual Round Tables - Performance Appraisal Dialogues - MD's Address - Employee Engagement Survey	Continuous / frequently - Monthly - Monthly - Quarterly As per annual training / events calendar - Annually - Annually	To create a thriving, safe and inclusive workplace for its employees and providing merit-based opportunities for professional development and growth.
Customers	No	- Multiple channels - physical and digital	Frequent and need - based	Servicing throughout the tenure of the customer and address queries / grievances that customer may have
Investors	No	- Annual General Meetings - Quarterly Results, Annual Reports, Press Releases, Media Interactions - Investors Presentations - Stock Exchange Filings, Notices to shareholders, Postal Ballots, Advertisement, Emails, Website	Annually - Quarterly - Need based at the time of investor interactions - Continuous / Frequently	Corporate Governance, Transparency in disclosures and Enhancing enterprises Value. - Performance and Financial Results - Report on CSR - inform about performance, major developments, and other relevant updates regarding the Company

Stakeholder group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Vendors	No	Multiple channels - physical and digital	Frequent and need - based	To establish strategic alliances, communicate requirements and expectations, and generate appreciate and spread technology. Also, interact throughout the service tenure of the vendor and address queries / grievances that vendors may have.
Contractors	No	Multiple channels - physical and digital	Frequent and need - based	Interact throughout the service tenure of the Contractor and address queries / grievances that Contractor may have. Also, to further strengthen relations by regular interaction.
Regulatory authorities	No	Multiple channels - physical and digital	On-going and Need bases	To discuss various rules, modifications, checks, and approvals.
Technical partners	No	Email	Need - based	Interact throughout the association tenure and strengthen relations by regular interaction. To strengthen relationships by creating win-win situations, by utilizing the mutual strength.

LEADERSHIP INDICATORS

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

   The Company to the extent considered necessary and permitted by regulations, ensure transparent communication and access to relevant information about its decisions that impact relevant stakeholders, keeping in mind the need to protect confidential competitive plans and information. Engagement with stakeholders is a continuous process. Such engagement is generally driven by Group Investors relation Officer, with senior executives also participating based on the need of the engagement.

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

   The Company personnel interact with various stakeholders to understand the evolvement and relevance of ESG topics, their impact, and expectations from the Group.

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.**

   The Company through its CSR Policies have taken up various initiatives and activities for the benefit of different segments of society, with focus on the marginalized, poor, needy, deprived, under privileged persons.

Principle 5

Businesses should respect and promote human rights

ESSENTIAL INDICATORS

1. **Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format**

Category	FY 2023			FY 2022		
	Total (A)	No. of employees / workers covered (B)	% (B/A)	Total (C)	No. of employees / workers covered (D)	% (D/C)
Employees						
Permanent	13	13	100	13	13	100
Other than permanent	1	1	100	1	1	100
Total employees	**14**	**14**	**100**	**14**	**14**	**100**
Workers						
Permanent	NA	NA	NA	NA	NA	NA
Other than permanent	NA	NA	NA	NA	NA	NA
Total workers	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**

2. **Details of minimum wages paid to employees and workers**

Category	FY 2023					FY 2022				
	Total (A)	Equal to minimum wage		More than minimum wage		Total (D)	Equal to minimum wage		More than minimum wage	
		No (B)	% (B/A)	No (C)	% (C/A)		No (E)	% (E/D)	No (F)	% (F/D)
Employees										
Permanent										
Male	6	-	-	6	100%	7	-	-	7	100%
Female	7	-	-	7	100%	6	-	-	6	100%
Other than permanent										
Male	-	-	-	-	-	-	-	-	-	-
Female	1	-	-	1	100%	1	-	-	1	100%
Workers										
Permanent										
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Other than permanent										
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

3. **Details of remuneration/salary/wages, in the following format:**

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD) (excludes 2 Directors who are included in KMPs)	9	1.84	2	7.6
Key Managerial Personnel (includes 2 Directors)	2	53.9	2	8.6
Employees other than BoD and KMP	5	0.5	4	1
Workers	0	NA	0	NA

4. Do you have a focal point (Individual / Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, there is Human Rights Policy in place. The web-link for the Human Right Policy is given here: https://www.kirloskarindustries.com/documents/779558/d51e87b6-54dc-bd5e-2fbb-0d7451e72107. The Ethics Committee, Ethics Ombudsman and Ethics Counsellors are responsible for addressing issues by following the Whistle-Blower Policy and Vigil Mechanism thereon. Whistle-Blower Policy web link is given below: https://www.kirloskarindustries.com/documents/779558/09b3b558-9c5b-37a3-1f6f-f00520e1667c

5. Describe the internal mechanisms in place to redress grievances related to human rights issue

In addition to existing mechanisms like Whistle-Blower, a Kirloskar Ethics Helpline which is managed by independent external agency is introduced to receive and redress employee grievances.

6. Number of Complaints on the following made by employees and workers:

	FY 2023		FY 2022	
	Filed during the year	Pending resolution at the end of year	Filed during the year	Pending resolution at the end of year
Sexual Harassment	0	0	0	0
Discrimination at workplace	0	0	0	0
Child Labour	0	0	0	0
Forced Labour/ Involuntary Labour	0	0	0	0
Wages	0	0	0	0
Other human rights related issues	0	0	0	0

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment case

The Company evolved a comprehensive policy for the Prevention of Sexual Harassment of Employees in line with the law passed by the Government of India in this regard.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

The Company strives to follow all the norms / standards of human rights in all its business deals and agreements.

9. Assessments for the year

Section	% Of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Sexual Harassment	Considering the operations of the business of the Company, the same is not applicable.
Discrimination at workplace	
Child Labour	
Forced Labour/ Involuntary Labour	
Wages	

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above

As there were no human rights related risks / concerns identified by the Company during the Financial Year 2022-2023, no corrective actions were required to be taken.

LEADERSHIP INDICATORS

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

There have been no significant human rights grievances / complaints warranting modification / introduction of business processes.

2. Details of the scope and coverage of any Human rights due diligence conducted.

The Company has a Code of Conduct, Human Rights Policy, POSH Policy and Grievance Mechanism like Whistle-blower, Kirloskar Ethics Helpline etc which are communicated and implemented covering the entire organisation including internal and external stakeholders that ensure non-violations of any human rights.

3. **Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

   The Company is constantly working towards inclusive working culture which can take care of needs of differently abled people, including, employees or visitors. The office has lifts with backup, railing for staircase, adequate space for wheelchair movement. The Company plans to priorities special attention to make its new premises accessible to differently abled employees as per requirements of The Rights of Persons with Disabilities Act, 2006.

4. **Details on assessment of value chain partners:**

Section	% Of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	The Company seeks to encourage its value chain partners to uphold the same values, principles, and business ethics as it does in all its operations. It also expects them to do so.. We have not conduced specific evaluation of any value chain partners, however, while appointing the partners, we emphasize on they being compliant with all the parameters.
Discrimination at workplace	
Child Labour	
Forced Labour/Involuntary Labour	
Wages	

5. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.**

   Not applicable as no grievances / complaints were identified regarding violation of Human Rights Policy during the Financial Year 2022-2023.

Principle 6

Businesses should respect and make efforts to protect and restore the environment

ESSENTIAL INDICATORS

1. **Details of total energy consumption (in GJ) and energy intensity, in the following format**

Parameter	FY 2023	FY 2022
Total electricity consumption (A) (GJ)	106.06	82.63
Total fuel consumption (B) (GJ)	0	0
Energy consumption through other sources (C) (GJ)	0	0
Total energy consumption (A+B+C) (GJ)	**106.06**	**82.63**
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees) (in GJ/Crores)	1.19	1.14

2. **Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

   No, considering the scope of the business of the Company, the same is not applicable.

3. **Provide details of the following disclosures related to water, in the following format**

Parameter	FY 2023	FY 2022
Water withdrawal by source (in kiloliters)	The Company being an investment Company, has limited water usage and uses water supplied by the municipal corporation.	
(i) Surface water		
(ii) Groundwater		
(iii) Third party water		
(iv) Seawater / desalinated water		
(v) Others		
Total volume of water withdrawal (in kiloliters) (i + ii + iii + iv + v)		
Total volume of water consumption (in kiloliters)		
Water intensity per rupee of turnover (Water consumed / turnover in Crores)		

4. **Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

   The Company being an investment Company, has no liquid discharge, except the regular office environment liquid discharge.

5. **Provide details of air emissions (other than GHG emissions) by the entity, in the following format.**

Parameter	Please specify unit	FY 2023	FY 2022
NOx	NA	0	0
SOx	NA	0	0
Particulate matter (PM)	NA	0	0
Persistent organic pollutants (POP)	NA	0	0
Volatile organic compounds (VOC)	NA	0	0
Hazardous air pollutants (HAP)	NA	0	0

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

6. **Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format**

Parameter	Please specify units	FY 2023	FY 2022
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	NA	NA	NA
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	NA	NA	NA
Total Scope 1 and Scope 2 emissions per Crores of turnover	NA	**NA**	**NA**

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

7. **Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details**

   The Company's principal business of windmill operations helps in reducing greenhouse gas emissions and mitigates the impacts of climate change

8. **Provide details related to waste management by the entity, in the following format:**

Parameter	FY 2023	FY 2022
	Total Waste generated (in MT)	
Plastic waste (A)	NA	NA
E-waste (B)	0.025	NA
Bio-medical waste (C)	NA	NA
Construction and demolition waste (D)	NA	NA
Battery waste (E)	NA	NA
Radioactive waste (F)	NA	NA
Other Hazardous waste. Please specify, if any. (G)	NA	NA
Other Non-hazardous waste generated (H). Please specify, if any.	NA	NA
Total (A+B + C + D + E + F + G + H)	**0.025**	**NA**

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)

Category of waste	FY 2023	FY 2022
	Total Waste generated (in MT)	
(i) Recycled	0.025	NA
(ii) Re-used	0	NA
(iii) Other recovery operations	0	NA
Total	**0.025**	**NA**

For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)

Category of waste	FY 2023	FY 2022
	Total Waste generated (in MT)	
(i) Incineration	Not applicable	
(ii) Landfilling		
(iii) Other recovery Operations		

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes

Given the nature of the business, there is no usage of hazardous and toxic chemicals by the Company. The Company has systems in place to manage e-waste and engages with certified e-waste handlers for disposal of e-waste.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, specify details in the following format

The Company does not have any offices in the vicinity of any ecologically sensitive area.

11. Details environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year

Not applicable

12. Is the entity compliant with the applicable environmental law / regulations / guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment Protection Act, and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

S. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken if any
	NA	NA	NA	NA

LEADERSHIP INDICATORS

1. **Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:**

Parameter	Unit	FY 2023	FY 2022
From renewable sources			
Total electricity consumption (A)	NA	NA	NA
Total fuel consumption (B)	NA	NA	NA
Energy consumption through other sources (C)	NA	NA	NA
Total energy consumed from renewable sources (A+B+C)	NA	NA	NA
From non-renewable sources			
Total electricity consumption (D)	GJ	107	83
Total fuel consumption (E)		0	0
Energy consumption through other sources (F)		0	0
Total energy consumed from non- renewable sources (D+E+F)	GJ	**107**	**83**

2. **Provide the following details related to water discharged:**

Parameter	FY 2023	FY 2022
Water discharge by destination and level of treatment (in kiloliters)		
(i) To Surface water		
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(ii) To Groundwater		
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(iii) To Seawater		
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(iv) Sent to third parties		
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(v) Others		
- No treatment (Used for gardening purposes)	NA	NA
- With treatment – please specify level of treatment	NA	NA
Total water discharged (in kiloliters)		

3. **Water withdrawal, consumption, and discharge in areas of water stress (in kiloliters):**

For each facility / plant located in areas of water stress, provide the following information:

(i) Name of the area: Not applicable

(ii) Nature of operations: Not applicable

(iii) Water withdrawal, consumption, and discharge in the following format:

Parameter	FY 2023	FY 2022
Water withdrawal by source (in kiloliters)		
(i) To Surface water	NA	NA
(ii) Groundwater	NA	NA
(iii) Third party water	NA	NA
(iv) Seawater / desalinated water	NA	NA
(v) Others	NA	NA
Total volume of water withdrawal (in kiloliters)	NA	NA
Total volume of water consumption (in kiloliters)	NA	NA
Water intensity per rupee of turnover (Water consumed / turnover)	NA	NA
Water intensity (optional) – the relevant metric may be selected by the entity	NA	NA

Parameter	FY 2023	FY 2022
Water discharge by destination and level of treatment (in kiloliters)		
(i) To Surface water		
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(ii) To Groundwater		
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(iii) To Seawater		
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(iv) Sent to third parties		
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(v) Others		
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
Total water discharged (in kiloliters)	NA	NA

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2023	FY 2022
Total Scope 3 emissions Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	Not Applicable	
Total Scope 3 emissions per rupee of turnover			
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity			

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not applicable

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sr. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along- with summary)	Outcome of the initiative
	NA	NA	NA

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

The Company recognizes the importance of ensuring a sustainable business and has developed the Business Continuity Policy to manage and mitigate the risks and uncertainties that may disrupt our business as usual. This Policy ensures that the Business Continuity Management systems are developed and in place to safeguard the interests of our stakeholders and reduce economic and other losses to the business.

The Company has uploaded the policy on its website - https://www.kirloskarindustries.com/documents/779558/a2815d8f-f78c-42aa-8c11-39b8152a5758

The Company's Risk Management Policy emphasizes the business continuity. The Company has deployed a risk management process that includes risk identification, assessment and its treatment, mitigation, monitoring, and reviewing actions. The Company prioritises and manages the risks identified through its Risk Registers.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?

The Company is in the business of windmill operations and investments (securities and properties), the emissions / waste generated is minimal in nature and does not come under the purview of CPCB/ SPCB.

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts

Not applicable, considering the scope of the business.

Principle 7

Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

ESSENTIAL INDICATORS

1. a. Number of affiliations with trade and industry chambers / associations:

2

b. List the top 10 trade and industry chambers / associations (determined based on the total members of such a body) the entity is a member of / affiliated to.

Sr. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Confederation of Indian Industry	National
2	CREDAI	National

2. Provide details of corrective action taken or underway on any issues related to anticompetitive conduct by the entity, based on adverse orders from regulatory authorities.

There were no issues related to anti-competitive conduct by the Company or adverse orders from regulatory authorities during the Financial Year 2022-2023.

LEADERSHIP INDICATORS

1. Details of public policy positions advocated by the entity:

Sr. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify)	Web Link, if available
	NA	NA	NA	NA	NA

Principle 8

Businesses should promote inclusive growth and equitable development

ESSENTIAL INDICATORS

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current FY 23

As per applicable laws, SIA is not applicable for any of the projects undertaken by the Company.

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity in the following format

Not applicable as the Company does not have any projects for which on-going Rehabilitation and Resettlement (R&R) is required to be undertaken.

3. Describe the mechanisms to receive and redress grievances of the community

The Company has various mechanisms to receive and redress the grievances of various stakeholders. Grievance Redressal Policy addresses and provides relevant links for community members to lodge a grievance or a concern.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers

Category of waste	FY 2023	FY 2022
Directly sourced from MSMEs/small producers	0.38%	2.94%
Sourced directly from within the district and neighboring districts	100%	100%

LEADERSHIP INDICATORS

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Not applicable

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

Not applicable

3. a. Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)

No

b. From which marginalized /vulnerable groups do you procure?

Not applicable

c. What percentage of total procurement (by value) does it constitute?

Not applicable

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

The Company has not derived any benefits from intellectual properties owned or acquired based on traditional knowledge.

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Not applicable.

6. Details of beneficiaries of CSR Projects:

Sr. No.	CSR Project	No. of persons benefitted from CSR Projects	% Of beneficiaries from vulnerable and marginalized groups
1	Promoting education through Kirloskar Institute of Advanced Management Studies	252	NA
2	Sponsoring students to promoter employability – oriented education / skilling (NTTF Diploma; Mechatronics) through S.L. Kirloskar CSR Foundation	38	100%

Principle 9

Businesses should engage with and provide value to their consumers in a responsible manner

ESSENTIAL INDICATORS

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback

The Company has in place a grievance redressal policy and is also rolling out an ethics line to address consumer complaints.

2. Turnover of products and / services as a percentage of turnover from all products/ service that carry information about

State	As a percentage to total turnover
Environmental and social parameters relevant to the product	Considering the scope of our business the same is not applicable.
Safe and responsible usage	
Recycling and/or safe disposal	

3. Number of consumer complaints in respect of the following:

	FY 2023			FY 2022		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	0	0	NA	0	0	NA
Cyber-security	0	0	NA	0	0	NA
Delivery of essential services	0	0	NA	0	0	NA
Restrictive trade practices	0	0	NA	0	0	NA
Unfair trade practices	0	0	NA	0	0	NA
Others	0	0	NA	0	0	NA

4. Details of instances of product recalls on accounts of safety issues

CSR Project	Number	Reason for recall
Voluntary recalls	Not applicable	Not applicable
Forced recalls	Not applicable	Not applicable

5. Does the entity have a framework / policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy

Group Policy on cyber security is adopted by the Company.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re- occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services

No penalties / regulatory action has been levied or taken on the above-mentioned parameters.

LEADERSHIP INDICATORS

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

Information relating to the business of the Company is available on the Company's website viz., www.kirloskarindustries.com

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

This is not applicable, considering the scope of the business of the Company.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

This is not applicable, considering the scope of the business of the Company.

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/ Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

   Not Applicable

5. **Provide the following information relating to data breaches:**

a. Number of instances of data breaches along-with impact:

   None

b. Percentage of data breaches involving personally identifiable information of customers:

   None

Independent Auditors' Report

on the Audit of the Standalone Financial Statements

To
The Members of **Kirloskar Industries Limited**

Opinion

We have audited the accompanying Standalone Financial Statements of Kirloskar Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("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, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone 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 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 (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, business Responsibility and Sustainability Report, Corporate Governance and Shareholder's Information, but does not include the Standalone financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is 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, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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, management is 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 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:

- 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.
- Obtain an understanding of internal financial controls 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, 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 Flow dealt with by this Report are in agreement with the relevant books of account.

d) In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors for the year ended March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 A". 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:

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 for the financial year ended as at March 31, 2023 is in accordance with the provisions of section 197 read with Schedule V to 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, as amended 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 on its financial position in its Standalone Financial Statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

iv. With respect to clause (e) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended

a. The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

b. Management has represented, that, to the best of its knowledge and belief, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

c. Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances; nothing has come to their notice that has caused us believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

v. Dividend declared and paid during the year by the company is in compliance with section 123 of the Companies Act, 2013.

vi. With respect to clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, the requirement under proviso to Rule 3(1) of Companies (Accounts) Rules, 2014 of mandatory audit trail in the Company accounting software is postponed to financial year commencing on or after 01 April 2023 as per notification G.S.R. 235(E) dated 31 March 2022 as issued by Ministry of Corporate Affairs. Accordingly, reporting for the same is not applicable.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration No.105215W/W100057

Parag Pansare
Partner
Membership No.: 117309
UDIN: 23117309BGQUYZ1151
Pune, May 23, 2023

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Kirloskar Industries Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub- section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **KIRLOSKAR INDUSTRIES LIMITED** ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Management of the Company is 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 respective 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, 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 judgement, 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, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company

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.

Opinion

In our opinion, 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 March 31, 2023, 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration No.105215W/W100057

Sd/-
Parag Pansare
Partner
Membership No.: 117309
UDIN: 23117309BGQUYZ1151
Pune, May 23, 2023

Annexure 'B' to the Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of KIRLOSKAR INDUSTRIES LIMITED of even date)

Annexure 1 referred to in Paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of the Company for the year ended March 31, 2023 of Kirloskar Industries Ltd.

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

i. (a) In respect of the Company's Property, Plant and Equipment and Intangible Assets:

(A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, plant and equipment.

(B) The Company has maintained proper records showing full particulars of Intangible assets.

(b) The Company has practice of verification to cover all the items of Property, plant and equipment in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the Program, Property, plant and equipment were physically verified by the management in the current financial year. No material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties are held in the name of the Company.

(d) The Company has not revalued its property, plant and equipment or intangible assets during the year.

(e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

ii. (a) Considering the nature of the Inventories of the Company [Renewable Energy Certificates (RECs)] reporting under paragraph 3(ii) (a) of the order are not applicable to the Company.

(b) The Company has not sanctioned any working capital limits from banks or financial institutions during the year. As such, reporting under paragraph 3 (ii)(b) of the Order is not applicable to the Company.

iii. During the period, the Company has acquired 150 Lakhs equity shares of ISMT Limited (Step-down Subsidiary of the Company) for ₹ 7,828 Lakhs, also during the year the Company has granted unsecured loan to Avante Spaces Limited (Wholly Owned Subsidiary) details of such loan are given in sub-clause (a)(A)

(a) (A) The aggregate amount of loan granted during the year is ₹ 4,180 Lakhs, and balance outstanding at the balance sheet date with respect to such loan is ₹ 18,145 Lakhs.

(B) The Company has not provided any loans or advances and guarantees or security to parties other than subsidiaries, joint ventures and associates so reporting under this clause is not applicable to the Company.

(b) The investment made and the loan given by the Company to its wholly owned subsidiary is not prima facia prejudicial to the interest of the Company considering Company's economic interest in such entity as well as business exigency.

(c) In the case of loans given, the repayment of principal and payment of interest has been stipulated. Since the outstanding principle amounts of loan are not yet due, we do not make any comment on the regularity of repayment of the principal amount.

(d) As there is no outstanding due of principal at the year-end, consequently reporting under paragraph 3(iii)(d) of the Order is not applicable.

(e) There is no loan or advance in the nature of loan granted which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdue of existing loans given to the same parties.

(f) The Company had granted an unsecured interest free loan to its wholly owned subsidiary in previous financial year where no period had been defined and the loan was repayable on demand. In current financial year the Company has stipulated interest and repayment term for that loan. This loan constitutes 100% of the total loan granted by the Company.

iv. The Company has not given any loans or securities to any of its directors or to any other person in whom director is interested under Section 185 of the Act. The Company has complied with provisions of Section 186 of the Act.

v. The Company has not accepted any deposits or amounts which are deemed to be deposits to which the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules made there under apply. According to the information and explanations given 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.

vi. The maintenance of cost records is not applicable to the Company pursuant to the provisions of sub-section (1) of section 148 of the companies Act, 2013.

vii. In respect of statutory dues:

(a) According to the information and explanations given to us and on the basis of our examination of records of the Company, we report that the Company is regular in depositing the undisputed statutory dues including provident fund, income tax, employees state insurance, sales tax, service tax, duty of customs, duty of excise, value added tax, goods and services Tax, cess and other material statutory dues as applicable with appropriate authorities. According to the information and explanations given to us and on the basis of examination of the books of account and the records of the Company, we report that there were no undisputed statutory dues as at the last day of the financial year which were outstanding for a period of more than six months from the date, they became payable.

(b) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as at March 31, 2023 on account of dispute are given below:

Sr. No.	Name of the Statute	Nature of dues	Amount in ₹ (Lakhs)	Period to which amount relates	Forum where dispute is pending
1	Finance Act, 1994 (Service Tax)	Denial of service tax credit taken and penalty thereon	2.92	FY 2006-07	CESTAT Mumbai
2	Income Tax Act, 1961	Disallowance of Certain expenses	156.76 (Net of 63 lakhs paid under protest)	AY 2015-16	High Court
3	Income Tax Act, 1961	Disallowance of Certain expenses	167.42 (Net of 70 Lakhs paid under protest)	AY 2016-17	High Court
4	Income Tax Act, 1961	Disallowance of Certain expenses	354.10 (Net of 94 Lakhs paid under protest)	AY 2017-18	Commissioner of Income Tax (Appeals)
5	Income Tax Act, 1961	Disallowance of Certain expenses	79.65	AY 2018-19	Commissioner of Income Tax (Appeals)
6	Income Tax Act, 1961	Disallowance of Certain expenses	48.11	AY 2020-21	Commissioner of Income Tax (Appeals)

viii. There are no transactions, which were not recorded in the books of account but have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961). As such, reporting under clause 3(viii) is not applicable.

ix. The Company has not taken any loans or other borrowings during the year. As such, reporting under clause 3(ix) is not applicable.

x. (a) During the year, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments). As such, reporting under clause 3(x)(a) is not be applicable.

(b) During the year, the Company has not made any preferential allotment or private placement of shares.

xi. (a) We have neither come across any instance of fraud by the Company or on the Company noticed or reported during the year, nor have we been informed of any such case by the Management.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) Based upon the information provided to us, the Company has not received any whistle-blower complaints during the year.

xii. (a) According to the information and explanations given to us and on the basis of examination of books of account and records of the company, the Company is not a Nidhi Company within the meaning of Section 406 of the Act. As such, reporting under clause 3 (xii) (a) to (c) is not applicable.

xiii. Based upon the audit procedures performed and as per the information and explanations given to us, we report that the transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and the details as required by the applicable Indian Accounting Standards have been disclosed in the Financial Statements.

xiv. (a) In our opinion, the company has an adequate internal audit system commensurate with the size and nature of its business.

(b) We have considered, the internal audit reports of the Company issued to the Company during the year & covering the period up to 31, March 2023 for the period under audit.

xv. Based upon the audit procedures performed by us and according to the information and explanations given to us, we report that the Company has not entered into any non-cash transactions of the nature as described in Section 192 of the Act.

xvi. (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clause 3(xvi)(a) of the Order is not applicable.

(b) The Company has not conducted any non-banking financial or housing finance activities during the year.

(c) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934, since it is a unregistered Core Investment Company (CIC) as at March 31, 2023, which is exempted from registration.

(d) In the group (in accordance with Core Investment Companies (Reserve Bank) Directions, 2016), there are 2 companies forming part of the promoter/promoter group of the Company which are CICs. (These are unregistered CICs as per Para 9.1 of Notification No. RBI/2020-21/24 dated 13th August 2020 of the Reserve Bank of India).

xvii. The Company has not incurred any cash losses during the current financial year i.e., FY 2022-23 and during immediately preceding financial year i.e., FY 2021-22.

xviii. There has been no resignation of the statutory auditors during the year and accordingly the reporting under clause 3 (xviii) is not applicable.

xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

xx. In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Companies Act, 2013 pursuant to any project. Accordingly, reporting under clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration No.105215W/W100057

Sd/-
Parag Pansare
Partner
Membership No.: 117309
UDIN: 23117309BGQUYZ1151
Pune, May 23, 2023

Balance Sheet as at 31 March 2023

(Amounts in Indian Rupees lakhs, unless otherwise stated)

Particulars	Note No.	As at 31 March 2023	As at 31 March 2022
ASSETS			
Financial Assets			
Cash and cash equivalents	6	2,790	1,338
Bank balances other than cash and cash equivalents	7	10,498	82
Receivables	8		
- Trade receivables		13	28
Loans	9	18,145	13,965
Investments	10	1,55,656	1,18,595
Other financial assets	11	3,241	2,983
		1,90,343	**1,36,991**
Non-Financial Assets			
Investment in subsidiaries	12	29,785	21,732
Inventories	13	1	1
Current tax assets (Net)	14	1,425	1,363
Investment property	15	1,690	1,760
Property, plant and equipment	16	1,950	2,134
Capital work-in-progress	17	-	-
Intangible assets	16	5	7
Intangible assets under development	18	-	-
Other non-financial assets	19	81	83
		34,937	**27,080**
TOTAL ASSETS		**2,25,280**	**1,64,071**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
Deposits	20	1,187	1,075
Other financial liabilities	21	612	570
		1,799	**1,645**
Non-Financial Liabilities			
Provisions	22	666	585
Deferred tax liabilities (Net)	23, 37	3,512	54
Other non-financial liabilities	24	238	364
		4,416	**1,003**
TOTAL LIABILITIES		**6,215**	**2,648**
EQUITY			
Equity share capital	25	988	978
Other equity	26	2,18,077	1,60,445
		2,19,065	**1,61,423**
TOTAL LIABILITIES AND EQUITY		**2,25,280**	**1,64,071**

Notes forming part of the Financial Statements: Note No. 1 to 53

As per our attached report of even date

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration Number: 105215W/W100057

Parag Pansare
Partner
Membership Number: 117309

Pune: 23 May 2023

For and on behalf of the Board of Directors

Mahesh Chhabria
Managing Director
DIN 00166049

Aditi Chirmule
Executive Director
DIN 01138984

Anandh Baheti
Chief Financial Officer

Ashwini Mali
Company Secretary
ACS 19944

Pune: 23 May 2023

Statement of Profit and Loss for the year ended 31 March 2023

(Amounts in Indian Rupees lakhs, unless otherwise stated)

Particulars	Note No.	Year ended 31 March 2023	Year ended 31 March 2022
Revenue from Operations			
Interest income	27	1,352	283
Dividend income		6,872	6,570
Net gain on fair value changes	28	466	87
Revenue from windmill operations	29	334	320
Total Revenue from Operations		**9,024**	**7,260**
Other Income	30	2,809	3,007
Total Income		**11,833**	**10,267**
Expenses			
Finance costs	31	151	151
Employee benefit expenses	32	817	798
Depreciation and amortisation expenses	33	281	285
Corporate social responsibility expenses	34	20	19
Operating and other expenses	35	1,222	1,004
Total expenses		**2,491**	**2,257**
Profit before tax		**9,342**	**8,010**
Tax expense	36		
- Current tax		1,946	1,726
- Short/ (Excess) provision of earlier years		(124)	244
- Deferred tax		111	(45)
Total tax expenses		**1,933**	**1,925**
Profit for the year		**7,409**	**6,085**
Other Comprehensive Income/(Loss)			
Items that will not be reclassified to profit or loss			
a) Gain/(loss) on remeasurements of defined benefit plan		(16)	3
b) Gain/(loss) on fair valuation of investments in equity shares		27,893	15,454
c) Income tax expenses / (reversal) relating to items that will not be reclassified to profit or loss		(6,528)	(799)
Other Comprehensive Income / (Loss)		**21,349**	**14,658**
Total Comprehensive Income / (Loss) for the year		**28,758**	**20,743**
Earnings per equity share	37		
[Nominal value of share ₹ 10 (Previous Year ₹ 10)]			
Basic (₹)		75.47	62.45
Diluted (₹)		74.13	61.04

Notes forming part of the Financial Statements: Note No. 1 to 53

As per our attached report of even date

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration Number: 105215W/W100057

Parag Pansare
Partner
Membership Number: 117309

Pune: 23 May 2023

For and on behalf of the Board of Directors

Mahesh Chhabria
Managing Director
DIN 00166049

Aditi Chirmule
Executive Director
DIN 01138984

Anandh Baheti
Chief Financial Officer

Ashwini Mali
Company Secretary
ACS 19944

Pune: 23 May 2023

Statement of Changes in Equity for the year ended 31 march 2023

(Amounts in Indian Rupees lakhs, unless otherwise stated)

A. Equity Share Capital

Equity shares of ₹ 10 each issued, subscribed and fully paid	As at 31 March 2023		As at 31 March 2022	
	No.	₹ lakhs	No.	₹ lakhs
As at beginning of the year	**97,80,262**	**978**	**97,08,650**	**971**
Add/ (Less): Changes in Equity Share Capital due to prior period errors	-	-	-	-
Add/ (Less): Restated balance at the beginning of the current reporting period	-	-	-	-
Add/ (Less): Issue of equity shares under ESAR scheme	1,03,669	10	71,612	7
As at end of the year	**98,83,931**	**988**	**97,80,262**	**978**

B. Other Equity

Particulars	Reserves and surplus					Total
	Securities premium	General reserve	Share options outstanding account	Equity instruments through other comprehensive income	Surplus/ (Deficit) in the Statement of Profit and Loss	
As at 1 April 2021	**-**	**32,360**	**2,391**	**51,564**	**54,166**	**1,40,481**
Profit for the year	-	-	-	-	6,085	6,085
Measurement of investments at FVTOCI (net of taxes)	-	-	-	14,656	-	14,656
Total Comprehensive Income for the year	**-**	**32,360**	**2,391**	**66,220**	**60,251**	**1,61,222**
Stock options expense	-	-	64	-	-	64
Stock options expense pertaining to Wholly Owned Subsidiary	-		128			128
Remeasurement of defined benefit plans (net of taxes)	-	-	-	-	2	2
Transfer to securities premium (Refer Note 26A)	692	-	(692)	-	-	-
Appropriations:						
Final Dividend for year 2020-21	-	-	-	-	(971)	(971)
As at 31 March 2022	**692**	**32,360**	**1,891**	**66,220**	**59,282**	**1,60,445**
Profit for the year	-	-	-	-	7,409	7,409
Measurement of investments at FVTOCI (net of taxes)	-	-	-	50,926	-	50,926
Transfer to statement of Profit & Loss an allowance of Sale of shares of Swaraj Engines Ltd.	-	-	-	(29,566)	29,566	-
Total Comprehensive Income for the year	**692**	**32,360**	**1,891**	**87,580**	**96,257**	**2,18,780**

Statement of Changes in Equity for the year ended 31 march 2023

(Amounts in Indian Rupees lakhs, unless otherwise stated)

B. Other Equity (Contd..)

Particulars	Reserves and surplus					Total
	Securities premium	General reserve	Share options outstanding account	Equity instruments through other comprehensive income	Surplus/ (Deficit) in the Statement of Profit and Loss	
Stock options expense	-	-	65	-	-	65
Stock options expense pertaining to Wholly Owned Subsidiary	-	-	225	-	-	225
Remeasurement of defined benefit plans (net of taxes)	-	-	-	-	(12)	(12)
Transfer to securities premium (Refer Note 26A)	818	-	(818)	-	-	-
Adjustment on lapse of vested share options transferred to general reserve	-	-	-	-	-	-
Appropriations:						
Final Dividend for year 2021-22	-	-	-	-	(981)	(981)
Other transactions for the year	**818**	**-**	**(528)**	**-**	**(993)**	**(703)**
As at 31 March 2023	**1,510**	**32,360**	**1,363**	**87,580**	**95,264**	**2,18,077**

Notes forming part of the Financial Statements: Note No. 1 to 53

As per our attached report of even date

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration Number: 105215W/W100057

Parag Pansare
Partner
Membership Number: 117309

Pune: 23 May 2023

For and on behalf of the Board of Directors

Mahesh Chhabria
Managing Director
DIN 00166049

Aditi Chirmule
Executive Director
DIN 01138984

Anandh Baheti
Chief Financial Officer

Ashwini Mali
Company Secretary
ACS 19944

Pune: 23 May 2023

Statement of Cash Flow for the year ended 31 March 2023

(Amounts in Indian Rupees lakhs, unless otherwise stated)

Particulars	For the year ended 31 March 2023		For the year ended 31 March 2022	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit for the year		9,342		8,010
Adjustments for:				
Depreciation and amortization expense	281		285	
Expenses on share based payments	64		64	
(Gain)/Loss on Fair valuation and sale of mutual funds	(466)		(87)	
(Gain)/Loss on sale of property plant and equipment and investment property (net)	(11)		(43)	
Provisions no longer required written back	-		(6)	
Interest income	(1,352)		(283)	
Dividend income	(6,872)		(6,570)	
Income from licensing of properties	(2,719)		(2,708)	
Finance cost on fair valuation of financial instruments	151	(10,924)	151	(9,197)
Operating profit / (loss) before working capital changes		(1,582)		(1,187)
Changes in working capital:				
(Increase) / Decrease in inventories	-		-	
(Increase) / Decrease in trade receivables	15		(25)	
(Increase) / Decrease in other financial assets	(19)		134	
(Increase) / Decrease in other non-financial assets	2		52	
Increase / (Decrease) in other financial liabilities	67		142	
Increase / (Decrease) in other non-financial liabilities	(13)		9	
Increase / (Decrease) in provisions	30	82	64	376
Cash generated from operations		(1,500)		(811)
Net income tax (paid) / refunds		(5,065)		(1,802)
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES		**(6,565)**		**(2,613)**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment (including capital work in progress)	(26)		(374)	
Proceeds from sale of property, plant and equipment	12		53	
Maturity proceeds of/(investment in) fixed deposits	(10,210)		1,392	
Investments in Subsidiaries	(7,828)		(1,500)	
Sale /(investment) in equity instruments	29,602		-	
Received from Wholly Owned Subsidiary against Purchase of Real Estate business Undertaking	-		1,500	
Sale /(investment) in mutual funds (net)	(8,738)		3,677	
Interest received	201		115	
Interest received from Wholly Owned Subsidiary	699		-	
Dividend income	6,872		6,570	
Security deposits received/(paid)	4		16	
Income from licensing of properties	2,604		2,608	
Loan given to subsidiary	(4,180)		(12,465)	
Purchase of investment properties	-		(21)	
Sale of investment property	-		14	
NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES		**9,012**		**1,585**

Statement of Cash Flow for the year ended 31 March 2023

(Amounts in Indian Rupees lakhs, unless otherwise stated)

Particulars	For the year ended 31 March 2023		For the year ended 31 March 2022	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Payment of Lease liability	(32)		(31)	
Proceeds from issue of equity shares under Employee Stock Appreciation Right's Scheme	10		7	
Dividend paid	(973)		(969)	
NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES		**(995)**		**(993)**
Net increase / (decrease) in cash and cash equivalents (A+B+C)		**1,452**		**(2,021)**
Cash and cash equivalents at the beginning of the year		1,338		3,359
Cash and cash equivalents at the end of the year (Refer Note No: 6)		2,790		1,338

Notes:

1. The above Cash Flow Statement has been prepared under the indirect method setout in Indian Accounting Standard (IND AS) -7, 'Statement of Cash Flow' as specified in the Companies (Indian Accounting Standards) Rules, 2015.
2. Direct Tax paid is treated as arising from operating activities and are not bifurcated between investment and financing activities.
3. All figures in brackets indicate outflow.

As per our attached report of even date

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration Number: 105215W/W100057

Parag Pansare
Partner
Membership Number: 117309

Pune: 23 May 2023

For and on behalf of the Board of Directors

Mahesh Chhabria
Managing Director
DIN 00166049

Aditi Chirmule
Executive Director
DIN 01138984

Anandh Baheti
Chief Financial Officer

Ashwini Mali
Company Secretary
ACS 19944

Pune: 23 May 2023

Notes Forming part of Standalone Financial Statements

for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

NOTE 1: CORPORATE INFORMATION

Kirloskar Industries Limited ("the Company") is a public company incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India, namely the BSE Limited and the National Stock Exchange of India Limited. The Company is engaged in wind-power generation. The Company has seven windmills in Maharashtra with total installed capacity of 5.6 Mega Watt (MW). The windmills are located at Tirade Village, Tal- Akole, Dist. – Ahmednagar. The Company sells wind power units generated, to third party as per the approval from the Maharashtra State Electricity Distribution Company Limited (MSEDCL) and in the absence of such approval to MSEDCL.

The Standalone Financial Statements of the Company for the year ended 31 March 2023 were authorised for issue by the Board of Directors on 23 May 2023.

NOTE 2: BASIS OF PREPARATION

The Standalone Financial Statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Section 133 of the Companies Act, 2013, ("the Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act.

During the year, the Company has consistently applied accounting policies while preparing these Standalone Financial Statements.

The Standalone Financial Statements have been prepared on a historical cost basis, except for the following, which are measured on following basis on each reporting date.

Items	Measurement basis
Investment in equity instruments (other than equity instruments of the subsidiaries recognised at cost)	Fair value
Investment in mutual funds	Fair value
Share-based payment	Fair value
Defined benefit liability/ (assets):	Fair value of plan assets less present value of defined benefit obligation

Functional and presentation currency

The Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The standalone Financial Statements are presented in Indian rupee (₹) rounded off to nearest lakhs (unless otherwise stated), which is the Company's functional and presentation currency.

NOTE 3 : SIGNIFICANT ACCOUNT JUDGEMENTS,ESTIMATES AND ASSUMPTIONS

The preparation of the Company's Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

i. Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the Financial Statements:

Contingent liability

The Company has received orders and notices from different Government authorities and tax authorities in respect of direct taxes and indirect taxes. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyses current information about these matters and discloses the information relating to contingent liability. In making the decision regarding the need for creating loss provision, management considers the degree of probability of an unfavourable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Company or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

ii. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under

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current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. For further details about determination of fair value refer note 46.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or Cash Generating Unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Site restoration and decommissioning obligation

A provision is recognized when the Company has a present obligation as a result of past event; 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. The Company estimates the liability for decommission and restoration obligation in respect of windmills using the best estimates available at each reporting date.

Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity 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. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about defined benefit plans obligations are given in note 38.

Deferred tax

Deferred tax assets are recognised for all the deductible temporary differences including carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused losses can be utilised.

Share-Based Payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Estimations and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

NOTE 4: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies applied by the Company in preparing its Standalone Financial Statements:

a) Fair value measurement

The Company measures financial instruments such as investments in equity shares, mutual funds etc. at fair value at each reporting date.

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:

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- 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 to 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 market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient information is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Standalone Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **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 Standalone Financial Statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Quantitative disclosures of fair value measurement hierarchy (refer note 46)
- Financial instruments (including those carried at amortised cost) (refer note 46)

b) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost net of accumulated depreciation and impairment losses, if any.

The cost comprises of the purchase price and directly attributable costs of bringing the asset to its working condition for the intended use. It also includes the initial estimate of the costs of dismantling, removing the item and restoring the site on which it is located, where the company has such contractual obligation. Any trade discounts and rebates are deducted in arriving at the purchase price. Each part of item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

Capital work-in-progress comprises of the cost of property, plant and equipment that are not yet ready for their intended use as at the Balance Sheet date.

i. Depreciation and amortisation

Depreciation is provided on all assets (except land, being a non-depreciable asset) equally over the useful life of the individual assets as prescribed under Part C of Schedule II to the Act. These lives also reflect the management's estimate of the useful life of the respective property, plant and equipment.

In case of windmills, useful life of 20 years (instead of 22 years as prescribed in Part C of Schedule II to the Act) has been estimated by the management of the Company for the purpose of charging depreciation based on technical assessment by independent external expert.

Dismantling and restoration cost are depreciated over remaining useful life of the windmill.

In case of vehicles, useful life of 5 years (instead of 8 years as prescribed in Part C of Schedule II to the Act) has been estimated by the management of the Company for the purpose of charging depreciation.

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Leasehold improvements are amortised under straight line method over the lower of lease term and the useful life of such assets subject to maximum of 60 months.

All items of property, plant and equipment individually costing ₹ 5,000 or less are fully depreciated in the year of installation.

Depreciation is recognised in the statement of profit and loss from the month in which the asset is acquired while the depreciation on assets sold during the year is recognised in the statement of profit and loss till the month prior to the month in which the asset is sold.

ii. **Disposals/ derecognition**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

iii. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed annually and adjusted prospectively, if appropriate.

c) Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the asset can be measured reliably.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost comprising of the consideration paid for acquisition less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the expenditure is recognised in the statement of profit and loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives i.e., software are amortized on a straight-line basis over the period of expected future benefits i.e., over their estimated useful lives of five years. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

d) Revenue recognition

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

(i) Income from power generation is recognized on supply of power to the grid in accordance with the terms and conditions of the contract with the Open Access Consumer.

The unutilised units by the Open Access Consumer are initially recognised at a rate which is estimated on the basis of latest available rates as per MSEDCL circulars/orders. The same are subsequently billed upon determination of the billable rate / units after verification by MSEDCL in accordance with the Rules and Regulations. The difference between the initial accrual and final billing is adjusted with the revenue of the year in which the billing is done.

(ii) Income from the sale of Renewable Energy Certificates (RECs) is recognised on an accrual basis at the time when the contract to sale is entered.

(iii) Dividend income on investments is recognised when the right to receive dividend is established.

(iv) Interest on fixed deposits with banks, debentures, bonds etc. is recognised on a time proportion basis taking into account the amount outstanding and rate applicable. In case of significant uncertainty of receiving interest, the same is not recognised though accrued and is recognised only when received.

(v) Profit/ Loss of the sale /redemption of investments is dealt with at the time of actual sale/redemption.

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e) Expenditure on Corporate Social Responsibility (CSR Activities)

The expenditure on CSR activities is recognised in the Statement of Profit and Loss upon utilisation by the trust/ NGO to which the funding is made by the Company. The expenditure on CSR activities conducted by the Company is recognised in the Statement of Profit and Loss, on an accrual basis as and when the activities are undertaken.

f) Income taxes

i. Current Income Tax

Current income tax assets and expenses/ liabilities are measured respectively at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in OCI or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss, (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable Company and the same taxation authority.

g) Investments

i. Investment in subsidiary

Interest in subsidiaries is recognised at cost and not adjusted to fair value at the end of each reporting period. Cost represents amount paid for acquisition of the said investments.

The Company assesses at the end of each reporting period, if there are any indications that the said investments may be impaired. If so, the Company estimates the recoverable value/amount of the investment and provides for impairment, if any i.e., the deficit in the recoverable value over cost.

ii. Investment property

Investment in land and/or buildings that are not intended to be occupied substantially for use by or

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in the operations of the Company are classified as investment property.

Investment property is initially measured at cost, including related 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 the initial recognition, investment property is stated at cost less accumulated depreciation and accumulated impairment loss, if any. Depreciation on investment property has been provided in a manner that amortise the cost of the assets over their estimated useful lives on straight line method as per the useful life prescribed under Schedule II of the Act.

Investment property in the form of land is not depreciated.

Investment property is derecognised either when it is disposed off or permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the Statement Profit and Loss in the period of derecognition.

Though the Company measures investment property using cost-based measurement, the fair value of investment property is disclosed as required by IND AS 40 'Investment Properties'. Fair values are determined based on a periodic evaluation performed by an accredited external independent valuer applying valuation model recommended by recognised valuation standards committee.

h) Leases

Company as a Lessee:

The Company's lease asset classes primarily consist of leases for land and buildings. The Company, at the inception of a contract, assesses whether the contract is a lease or otherwise. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after April 1, 2019.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. Such depreciation is recognised in the Statement of Profit & Loss except to the extent that it can be allocated to any Property, Plant & Equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. After the commencement date, the lease liability is adjusted by increasing the carrying amount to reflect interest on the lease liability; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount to reflect any reassessment or lease modifications. The lease liability is also remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The interest on the lease liability is recognised in the statement of Profit & Loss except to the extent that it can be allocated to any Property, Plant & Equipment.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets (assets of less than ₹ 5,000 in value). The Company recognises the lease payments associated with these leases as an expense over the lease term.

The company has consistently applied the accounting policy as stated in above mentioned paragraphs with effect from April 01, 2019 (i.e., from the comparative period).

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

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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.

i) Inventories

Renewable Energy Certificates (RECs) are recognized upon application for certification to the respective authorities till such units are sold and valued at lower of cost and net realizable value. Cost comprises of costs incurred for certification of RECs. Net realizable value of RECs is the estimated selling price in the ordinary course of business.

j) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash-Generating Unit's (CGU) fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Company. When 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. In determining fair value less costs to sell, recent market transactions are considered, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses, including impairment on inventories, are recognised in the statement of profit and loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit and Loss.

k) Provisions

A provision is recognized when the Company has a present obligation as a result of past event; 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.

When the Company expects some or all of the provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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.

l) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the Standalone Financial Statements.

m) Capital Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

(i) estimated number of contracts remaining to be executed on capital account and not provided for; and

(ii) other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

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n) Retirement and other employee benefits

a) Short term Employee Benefits

The distinction between short term and long-term employee benefits is based on expected timing of settlement rather than the employee's entitlement benefits. All employee benefits payable within twelve months of rendering the service are classified as short-term benefits and are measured on an undiscounted basis according to the terms and conditions of employment. Such benefits include salaries, bonus, short term compensated absences, awards, etc. and are recognised in the period in which the employee renders the related service, except to the extent that it can be allocated to any Property, Plant & Equipment.

b) Other-employment benefits

(i) Defined contribution plan

The eligible employees of the Company are entitled to receive benefits under the Provident Fund and Superannuation Scheme, which are defined contribution plans. In case of Provident Fund, both the employee and the Company contribute monthly at a stipulated rate to the government provident fund, while in case of superannuation, the Company contributes to Life Insurance Corporation of India at a stipulated rate. The Company has no liability for future Provident Fund or Superannuation benefits other than its annual contributions which are recognised as an expense on an accrual basis.

The Company recognises contribution payable as expenditure, when an employee renders the related services. If the contribution payable to the scheme for services received before Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then the excess recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or cash refund.

(ii) Defined benefit plan

The Company operates a defined benefit plan for its employees, viz. gratuity. The present value of the obligation or asset under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance Sheet. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The interest cost is calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in finance cost in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly as other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(iii) Benefits for long term compensated absences:

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the Projected Unit Credit Method at the year end.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly as other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity.

o) Share based payments

Eligible employees in terms of the Employees Stock Options Scheme of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments granted (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

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/vesting period. 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

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in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

In respect of options issued to employees of wholly owned subsidiary, the Company has treated the charge as Deemed Equity Investments in subsidiary.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

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.

The dilutive effect of outstanding options is reflected as share dilution in the computation of diluted earnings per share.

p) 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.

a) Financial assets

Initial recognition and measurement of financial assets

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in the following categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at Fair Value Through Other Comprehensive Income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Interest income from these financial assets is included in finance income using the effective interest rate method.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company has made an irrevocable election to present subsequent changes in the fair value in the OCI. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, on sale of investment. However, the Company transfers the cumulative gain or loss within the equity from OCI to Retained Earnings.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss at each reporting date.

Dividends from such investments are recognised in profit or loss when the Company's right to receive payments is established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full

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without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the 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
- Trade receivables or any contractual right to receive cash or another financial asset

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables.

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. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss. The Balance Sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost and contractual revenue receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the

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Balance Sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis. The Company does not have any Purchased or Originated Credit-Impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised initially at fair value net of, in the case of financial liabilities not classified as FVTPL, transaction costs that are attributable to the issue of the financial liability. Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated as such upon initial recognition. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities designated as such upon initial recognition at the initial date of recognition if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognised in OCI. These gains/ losses are not subsequently transferred to the Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss.

Financial liabilities at amortised cost

After initial recognition, these instruments are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

De-recognition of financial liability

A financial liability (or a part of a financial liability) is derecognised from the Balance Sheet when, and only when, it is extinguished i.e., when the obligation specified in the contract is discharged or cancelled or expired.

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 and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the 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.

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

q) Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non cash nature and any deferral or accruals of past of future cash receipts or payments. The cash flows from regular operating, investing and financing activities of the Company are segregated.

r) Cash and cash equivalents

Cash and cash equivalent in the Balance Sheet comprise cash at banks and on hand and short-term deposits with original maturity of three months or less, which are subject to an insignificant risk of changes in value. In the Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts, if any as they are considered as integral part of the Company's cash management.

s) Dividend

The Company recognises a liability to make cash distributions to the equity holders of the Company when the distribution is authorised, and the distribution is

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no longer at the discretion of the Company. As per the provisions of the Act, a distribution is authorised when it is approved by the shareholders except in case of interim dividend which is approved by the Board of Directors. A corresponding amount is recognised directly in equity.

t) Earnings per share (EPS)

Basic EPS is calculated by dividing the Company's earnings for the year attributable to ordinary equity shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. The earnings considered in ascertaining the Company's EPS comprise the net profit after tax attributable to equity shareholders. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split (consolidation of shares) other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares.

u) Segment reporting

i) Identification of segment

An operating segment is a component of a company whose operating results are regularly reviewed by the Company's Chief Operating Decision Maker (CODM) to make decisions about resource allocation and assess its performance and for which discrete financial information is available.

ii) Allocation of income and direct expenses and unallocated expenses

Income and direct expenses allocable to segments are classified based on items that are individually identifiable to that segment. Common allocable costs are allocated to each segment pro-rata on the basis of revenue of each segment to the total revenue of the Company. The remainder is considered as un-allocable expense.

iii) Segment policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the Financial Statements of the Company as a whole.

NOTE 5: Recent Accounting pronouncements

The Ministry of Corporate Affairs ("MCA") notifies new standard or , amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1st, 2023, as below:

1. Ind AS 1 –Presentation of Financial Statements

2. Ind AS 12 – Income taxes

3. Ind AS 34 – Interim Financial Reporting

1. Ind AS 102 – Share base payments

1. Ind AS 103 – Business Combinations

1. Ind AS 107 – Financial Instruments Disclosures

1. Ind AS 109 – Financial Instruments

1. Ind AS 115 – Revenue from contracts with customers.

The Company is evaluating the imapct of these procurements on the financial statements.

Notes Forming part of Standalone Financial Statements

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Note 6 : Cash and cash equivalents

Particulars	As at 31 March 2023	As at 31 March 2022
Cash on hand	1	1
Balances with banks		
- On current accounts	114	154
- Fixed deposits having original maturity less than 3 months	2,675	1,183
Total	**2,790**	**1,338**

Note 7 : Bank balances other than note (6) above

Particulars	As at 31 March 2023	As at 31 March 2022
Earmarked balances		
Unclaimed dividend accounts	74	82
Other bank balances		
Deposits with banks and interest accrued thereon	10,424	-
Total	**10,498**	**82**

Note 8 : Receivables

Particulars	As at 31 March 2023	As at 31 March 2022
Trade receivables		
Unsecured		
Undisputed		
- Considered good	13	28
- Considered doubtful	-	-
- Unsecured, credit impaired	-	-
Less: Allowance for impairment loss	-	-
	-	-
Total	**13**	**28**
There are no debts due by the directors or other officers of the Company or any of them either severally or jointly with any other person or debts due by firms including Limited Liability Partnerships (LLPs), private companies respectively, in which any director or other officer is a partner or a director or a member.		
Ageing schedule of Trade Receivables		
Undisputed - Considered good		
Less than six months	13	28
Total	**13**	**28**

Note 9 : Loans

Particulars	As at 31 March 2023	As at 31 March 2022
Loan		
Loan to Wholly Owned Subsidiary*	18,145	13,965
Total	**18,145**	**13,965**

*The loan is unsecured, carrying interest rate @ 8.25% w.e.f. 1st Oct 2022 and repayable within period of seven years or as mutually decided by both the parties.

Notes Forming part of Standalone Financial Statements

for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 10 : Investments

Particulars	Face Value (₹)	As at 31 March 2023		As at 31 March 2022	
		Nos.	₹ in Lakhs	Nos.	₹ in Lakhs
(A) Measured at fair value through other comprehensive income					
(i) (Quoted equity instruments, fully paid)					
Kirloskar Pneumatic Company Limited	2	64,22,990	35,985	64,22,990	26,212
Swaraj Engines Limited	10	-	-	21,14,349	27,642
Kirloskar Brothers Limited	2	1,89,88,038	77,898	1,89,88,038	53,746
Kirloskar Oil Engines Limited	2	82,10,439	32,521	82,10,439	10,834
Cummins India Limited	2	683	11	683	7
			1,46,415		**1,18,441**
(ii) (Unquoted equity instruments, fully paid)					
S. L. Kirloskar CSR Foundation $	10	9,800	-	9,800	-
Kirloskar Management Services Private Limited	10	1,75,000	37	1,75,000	154
The Mysore Kirloskar Limited (In liquidation)	10	1,13,460	27	1,13,460	27
Less: Provision for impairment loss			(27)		(27)
			37		**154**
(iii) Preference shares					
Kirloskar Proprietary Limited	100	1	-		-
Sub-total (A)			**1,46,452**		**1,18,595**
(B) Measured at amortised cost					
(Unquoted debentures and bonds)					
The Mysore Kirloskar Limited (In liquidation)					
12.5% Secured Non Convertible Part "B" debentures	100	30,000	13	30,000	13
Less: Provision for impairment loss			(13)		(13)
Sub-total (B)			**-**		-
(C) Measured at fair value through profit and loss					
Investments in liquid mutual funds					
Axis Money Market Fund - Direct - Growth			2,783		-
Nippon India Money Market Fund - Direct - Growth			716		-
Tata Money Market Fund - Direct Plan - Growth			1,424		-
Aditya Birla Sun Life Money Manager Fund – Direct – Growth			4,281		-
Sub-total (C)			**9,204**		**-**
Total (A + B + C)			**1,55,656**		**1,18,595**
$ Held at nominal value of ₹ 1/-					
Aggregate amount of quoted investments- Cost			60,406		51,459
Aggregate amount of quoted investments- Market Value			1,55,619		1,18,441
Aggregate amount of unquoted investments			77		194
Aggregate provision in diminutionin value of investments			40		40

Notes Forming part of Standalone Financial Statements

for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 11 : Other financial assets

Particulars	As at 31 March 2023	As at 31 March 2022
Measured at amortised cost		
(Unsecured, considered good, unless otherwise stated)		
Contract assets (Unbilled receivables)	38	16
Unsecured, credit impaired	-	-
Less: Allowance for impairment loss	-	-
	38	**16**
Security deposits	21	19
Other receivables	2	1
Receivable from Wholly Owned Subsidiary for:		
- Optionally Convertible Debenture	3,109	2,871
- Other receivables	71	76
Other advances		
Unsecured, credit impaired	386	386
Less: Allowance for impairment loss	(386)	(386)
	-	-
Total	**3,241**	**2,983**

Note 12 : Investment in subsidiaries

Particulars	As at 31 March 2023	As at 31 March 2022
Measured at cost		
(Quoted equity instruments, fully paid)		
Kirloskar Ferrous Industries Limited	17,526	17,526
- Extent of holding by the Company is 50.84 % (Previous Year: 50.93%)*		
- Number of shares held 7,06,43,754 (Previous Year: 7,06,43,754)		
ISMT Limited		
- Extent of holding by the Company is 4.99 % (Previous Year: Nil)		
Investment in equity shares	7,828	-
- Number of shares held 1,50,00,000 (Previous Year: Nil)		
(Unquoted equity instruments, fully paid)		
Avante Spaces Limited		
(formerly known as Wellness Space Developers Limited)		
Investment in equity shares	1,502	1,502
- Extent of holding by the Company is 100% (Previous Year: 100%)		
- Number of shares held 75,10,000 (Previous Year: 75,10,000)		
Deemed investments	462	237
(Fair value of ESAR to employees of subsidiary)		
Deemed investments in Optionally Convertible Debentures		
(Equity portion)	2,467	2,467
Total	**29,785**	**21,732**

*During the year, subsidiary has issued 2,41,171 equity shares (Previous Year: 3,68,363 equity shares) under its ESOP scheme thereby reducing Company's extent of holding from 50.93% to 50.84%.

Notes Forming part of Standalone Financial Statements

for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 12 : Investment in subsidiaries (Contd..)

Particulars	As at 31 March 2023	As at 31 March 2022
Aggregate amount of quoted investments in subsidiaries - Cost	25,354	17,526
Aggregate amount of quoted investments in subsidiaries- Market Value	3,39,546	1,51,778
Aggregate book value of unquoted investments in subsidiaries	4,431	4,206
Aggregate provision in diminutionin value of investments in subsidiaries	-	-

Note 13 : Inventories

Particulars	As at 31 March 2023	As at 31 March 2022
Renewable Energy Certificates (RECs) and RECs under certification	1	1
[Total REC units 8,226 (Previous Year: 8,138); of which certified units are 3,872 and 4,354 units are under certification]		
Total	**1**	**1**

Note 14 : Current tax assets (Net)

Particulars	As at 31 March 2023	As at 31 March 2022
Advance Income Tax	1,425	1,363
[Net of Provision for Income Tax]		
Total	**1,425**	**1,363**

Notes 15 : Investment property

Particulars	As at 31 March 2023	As at 31 March 2022
Land (at cost) **		
Balance as at the beginning of the year	11	12
Add: Additions during the year	-	-
Less: Sold/Transferred during the year	-	1
Balance as at the end of the year (i)	**11**	**11**
Building (at cost less depreciation)		
(a) Gross block		
Balance as at the beginning of the year	2,707	2,669
Add: Additions during the year	-	38
Less: Sold transferred during the year	-	-
Balance as at the end of the year	**2,707**	**2,707**
(b) Accumulated depreciation		
Balance as at the beginning of the year	958	881
Add: Depreciation for the year	70	77
Balance as at the end of the year	**1,028**	**958**
Net Block of building (ii) = (a) - (b)	**1,679**	**1,749**
Total investment property (i) +(ii)	**1,690**	**1,760**
Movement in fair value of Investment Properties		
Fair value of properties as at the beginning of the year	48,356	40,060
Fair valuation pertaining to property sold transferred during the year	-	-
Change in fair value of other properties	(9,071)	8,296
Fair value of assets as at the end of the year	**39,285**	**48,356**

Notes Forming part of Standalone Financial Statements

for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Notes 15 : Investment property (Contd..)

Fair valuation methodology

The fair values of investment properties have been determined on the basis of valuation carried out by an independent valuer on a case to case basis. Valuation is based on government rates, market research, market trend and comparable values as considered appropriate.

Amount recognised in Statement of Profit and Loss relating to investment properties

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Rental income from investment property	2,719	2,708
Expenses arising from investment properties that generated rental income during the year	404	410
Profit from renting of investment properties	**2,315**	**2,298**

** Title deeds held in the name of the Company.

Notes to and Forming part of the Standalone Financial Statements

as at and for the year ended 31 march 2023 (Amounts in Indian Rupees lakhs, unless otherwise stated)

Note 16 : Property, plant and equipment and Intangible assets

Particulars	Property, plant and equipment (A)											Intangible assets (B)
	Building		Plant and equipment									
	Owned**	Right of Use of assets	Wind power generators	Other Plant and equipment	Furniture and fixtures	Vehicles	Office equipments	Computers and peripherals	Electrical installations	Leasehold improvement	Total (A)	Computer software
Gross Block												
Balance as at 1 April 2021	**1,320**	**115**	**2,714**	**3**	**153**	**179**	**120**	**37**	**56**	**80**	**4,777**	**6**
- Additions	-	-	-	226	8	148	-	3	-	-	385	7
- (Disposals)/ (Adjustments)	-	-	-	-	-	(154)	-	(1)	-	-	(155)	-
Balance as at 31 March 2022	**1,320**	**115**	**2,714**	**229**	**161**	**173**	**120**	**39**	**56**	**80**	**5,007**	**13**
- Additions	-	-	-	-	1	20	-	5	-	-	26	-
- (Disposals)/ (Adjustments)	-	-	-	-	-	(24)	(0)	(8)	-	-	(32)	-
Balance as at 31 March 2023	**1,320**	**115**	**2,714**	**229**	**162**	**169**	**120**	**36**	**56**	**80**	**5,001**	**13**
Accumulated Depreciation												
Balance as at 1 April 2021	76	26	2,399	2	46	131	65	27	13	18	2,803	4
- Depreciation charge for the year#	22	26	55	2	15	35	23	5	6	17	206	2
- On (Disposals)/ (Adjustments) $	-	-	-	-	-	(135)	-	(1)	-	-	(136)	-
Balance as at 31 March 2022	**98**	**52**	**2,454**	**4**	**61**	**31**	**88**	**31**	**19**	**35**	**2,873**	**6**
- Depreciation charge for the year	22	24	55	15	15	33	22	4	5	14	209	2
- On (Disposals)	-	-	-	-	-	(23)	(0)	(8)	-	-	(31)	-
Balance as at 31 March 2023	**120**	**76**	**2,509**	**19**	**76**	**41**	**110**	**27**	**24**	**49**	**3,051**	**8**
Net Block												
Balance as at 31 March 2022	1,222	63	260	225	100	142	32	8	37	45	2,134	7
Balance as at 31 March 2023	**1,200**	**39**	**205**	**210**	**86**	**128**	**10**	**9**	**32**	**31**	**1,950**	**5**

$ Refer Note No. 45 for Right of Use of assets

** Title deeds held in the name of the Company.

Amortisation on right of use of assets includes ₹ 2 lakhs adjusted to clear out casting difference.

Notes Forming part of Standalone Financial Statements

for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 17 : Capital work-in-progress

Particulars	As at 31 March 2023	As at 31 March 2022
Balance as at the beginning of the year	-	28
Add: Additions during the year	-	260
Less: Capitalised during the year	-	288
Balance as at the end of the year	-	-
Ageing schedule of capital work- in-progress		
Less than one year	-	-
1-2 years	-	-
Total	-	-

Note 18 : Intangible assets under development

Particulars	As at 31 March 2023	As at 31 March 2022
Balance as at the beginning of the year	-	11
Add: Additions during the year	-	-
Less: Capitalised during the year	-	7
Less: Sold during the year	-	4
Balance as at the end of the year	-	-
Ageing schedule of Intagible assets under development		
Less than one year	-	-
Total	-	-

Note 19 : Other non-financial assets

Particulars	As at 31 March 2023	As at 31 March 2022
(Unsecured, considered good,unless otherwise stated)		
Prepaid expenses	23	18
Balances with government authorities	41	63
Others	17	2
Total	**81**	**83**

Note 20 : Deposits

Particulars	As at 31 March 2023	As at 31 March 2022
Measured at amortised cost		
Others		
- Security deposits	1,187	1,075
Total	**1,187**	**1,075**

Notes Forming part of Standalone Financial Statements

for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 21 : Other financial liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Measured at amortised cost		
Investors Education and Protection Fund will be credited by the following amounts, as and when due:		
- Unclaimed equity dividend*	74	82
Employee benefits	214	177
Expenses and other payable**	185	197
Commission payable to directors	104	50
Lease liability	35	64
Total	**612**	**570**

*Unclaimed equity dividend includes ₹ 0.12 Lakhs (Previous Year: ₹ 0.12 Lakhs) ; on 31 shares in abeyance on the directions of Special Court which will not be transferred to Investors Education and Protection Fund.

**Details of dues to micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)

Total outstanding to MSME suppliers

Particulars	As at 31 March 2023	As at 31 March 2022
Total outstanding to MSME suppliers		
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
Interest due and payable to suppliers under MSMED act for the payments already made	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	**-**	**-**

Note 22 : Provisions

Particulars	As at 31 March 2023	As at 31 March 2022
Gratuity	286	241
Compensated absences	135	118
Decommissioning and restoration (Refer Note No. 41)	245	226
Total	**666**	**585**

Note 23 : Deferred tax liabilities (Net)

Particulars	As at 31 March 2023	As at 31 March 2022
Deferred tax liabilities (Net)	3,512	54
Total	**3,512**	**54**

Notes Forming part of Standalone Financial Statements

for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 24 : Other non-financial liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Statutory dues payable	78	91
License fees received in advance	160	273
Total	**238**	**364**

Note 25 : Equity share capital

(a) Authorised, issued, subscribed and paid-up share capital and par value per share:

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number	₹ in Lakhs	Number	₹ in Lakhs
AUTHORISED				
Equity shares of ₹ 10/- each	5,00,00,000	5,000	5,00,00,000	5,000
ISSUED AND SUBSCRIBED				
Equity shares of ₹ 10/- each	98,83,931	988	97,80,262	978
CALLED UP AND PAID UP				
Equity shares of ₹ 10/- each fully paid up	98,83,900	988	97,80,231	978
SHARE CAPITAL SUSPENSE ACCOUNT*	31	-	31	-
Equity shares of ₹ 10/- each fully paid up	-	-	-	-
Total	**98,83,931**	**988**	**97,80,262**	**978**

* 31 (Previous Year: 31) Equity Shares of ₹ 10/- each aggregating to ₹ 310/- to be issued to shareholders of erstwhile Shivaji Works Limited on amalgamation as per scheme sanctioned by Board for Industrial and Financial Reconstruction, are kept in abeyance on the directions of Special Court.

(b) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year:

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number	₹ in Lakhs	Number	₹ in Lakhs
Shares outstanding at the beginning of the year	97,80,262	978	97,08,650	971
Add: Issue of equity shares under ESAR scheme	1,03,669	10	71,612	7
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	**98,83,931**	**988**	**97,80,262**	**978**

(c) Equity shares in the Company held by each shareholder holding more than 5% shares:

Particulars	As at 31 March 2023		As at 31 March 2022	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Atul Chandrakant Kirloskar #	12,83,562	12.99%	12,83,562	13.12%
Rahul Chandrakant Kirloskar # #	16,21,688	16.41%	16,21,688	16.58%
Jyotsna Gautam Kulkarni	11,78,592	11.92%	11,78,592	12.05%
Alpana Rahul Kirloskar	7,09,648	7.18%	7,09,648	7.26%
Nihal Gautam Kulkarni	5,89,296	5.96%	5,89,296	6.03%
Ambar Gautam Kulkarni	5,89,296	5.96%	5,89,296	6.03%
Gauri Atul Kirloskar	5,27,608	5.34%	5,27,608	5.39%

Out of these, 12,83,537 (Previous Year: 12,83,537) equity shares are held in the individual capacity and 25 (Previous Year: 25) equity shares held as a Trustee of C.S. Kirloskar Testamentary Trust.

Out of these, 16,21,459 (Previous Year: 16,21,459) equity shares are held in the individual capacity and 229 (Previous Year: 229) equity shares held as a Trustee of C.S. Kirloskar Testamentary Trust.

Notes Forming part of Standalone Financial Statements

for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

(d) Details of allotment of shares for consideration other than cash, allotments of bonus shares and shares bought back:

Particulars	2022-23	2021-22	2020-21	2019-20	2018-19
Equity Shares :					
Fully paid up by way of bonus shares	-	-	-	-	-
Allotted pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Shares bought back	-	-	-	-	-

(e) Each holder of equity share is entitled to one vote per share and received interim/final dividend as and when declared by the Board of Directors at the Annual General Meeting. In the event of liquidation of the Company. the holder of equity shares will be entitled to receive any of the 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.

(f) Details of shareholding pattern of Promoters:

Particulars	As at 31 March 2023			As at 31 March 2022		
	No. of Shares held	% of Holding	% Change during the year	No. of Shares held	% of Holding	% Change during the year
Individuals / Hindu Undivided Family						
Atul Chandrakant Kirloskar	12,83,537	12.99	(0.13)	12,83,537	13.12	(0.10)
Atul Chandrakant Kirloskar as a Trustee of C S Kirloskar Testamentary Trust	25	-	-	25	-	-
Rahul Chandrakant Kirloskar	16,21,459	16.41	(0.17)	16,21,459	16.58	(0.12)
Rahul Chandrakant Kirloskar as a Trustee of C S Kirloskar Testamentary Trust	229	-	-	229	-	-
Sanjay Chandrakant Kirloskar as a Trustee of Kirloskar Brothers Limited Employees Welfare Trust Scheme	2,362	0.03	-	2,362	0.03	-
Sanjay Chandrakant Kirloskar	250	-	-	250	-	-
Sanjay Chandrakant Kirloskar as a Karta of Sanjay Kirloskar HUF	14	-	-	14	-	-
Kirloskar Vikram Shreekant as a trustee of Ruplekha Life Interest Trust	-	-	(0.05)	4,380	0.05	-
Kirloskar Vikram Shreekant	-	-	-	252	-	-
Jyotsna Gautam Kulkarni	11,78,592	11.92	(0.13)	11,78,592	12.05	(0.09)
Geetajali Vikram Kirloskar	-	-	-	2	-	-
Mrinalini Shreekant Kirloskar	3,731	0.04	-	3,731	0.04	-
Mrinalini Shreekant Kirloskar as a Karta of Shreekant S. Kirloskar HUF	2,125	0.02	-	2,125	0.02	-
Suman Chandrakant Kirloskar	5	-	-	5	-	-
Suman Chandrakant Kirloskar as a Karta of C. S. Kirloskar HUF	2,125	0.02	-	2,125	0.02	-
Suman Chandrakant Kirloskar as a Karta of Trustee Vijay Durga Devi Trust	-	-	(0.02)	1,428	0.02	-
Roopa Jayant Gupta	1,392	0.01	-	1,392	0.01	-
Arti Atul Kirloskar	3,57,909	3.62	(0.04)	3,57,909	3.66	(0.03)
Alpana Rahul Kirloskar	7,09,648	7.18	(0.08)	7,09,648	7.26	(0.05)
Nihal Gautam Kulkarni	5,89,296	5.96	(0.07)	5,89,296	6.03	(0.04)
Ambar Gautam Kulkarni	5,89,296	5.96	(0.07)	5,89,296	6.03	(0.04)
Aditi Atul Kirloskar	1,75,869	1.78	(0.02)	1,75,869	1.80	(0.01)
Gauri Atul Kirloskar	5,27,608	5.34	(0.05)	5,27,608	5.39	(0.04)
Total	**70,45,472**	**71.28**		**70,51,534**	**72.10**	

Notes Forming part of Standalone Financial Statements

for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 25 : Equity share capital (Contd..)

Particulars	As at 31 March 2023			As at 31 March 2022		
	No. of Shares held	% of Holding	% Change during the year	No. of Shares held	% of Holding	% Change during the year
Corporate Bodies						
Kirloskar Pneumatic Co. Ltd.	200	-	-	200	-	-
Navsai Investments Private Limited	3,004	0.03	0.03	100	-	-
Alpak Investments Private Limited	3,004	0.03	0.03	100	-	-
Achyut and Neeta Holdings and Finance Private Limited	100	-	-	100	-	-
Kirloskar Chillers Private Limited	46,144	0.47	(0.01)	46,144	0.48	-
Total	**52,452**	**0.53**		46,644	0.48	
Grand Total	**70,97,924**	**71.81**		**70,98,178**	**72.58**	

Note 26 : Other equity

Particulars	As at 31 March 2023	As at 31 March 2022
(a) Securities Premium		
Balance as at the beginning of the year	692	-
Add: Transfer from Share options outstanding account *	818	692
Balance as at the end of the year	**1,510**	**692**
(b) General reserve		
Balance as at the beginning of the year	32,360	32,360
Add: Transfer from surplus of profit and loss	-	-
Add: Transfer from share options outstanding account *	-	-
Balance as at the end of the year	**32,360**	**32,360**
(c) Share options outstanding account (Refer Note No. 44)		
Balance as at the beginning of the year	1,891	2,391
Stock options expense	65	64
Stock options expense pertaining to Wholly Owned Subsidiary	225	128
Less : Transferred to general reserve	-	-
Less: Transfer to securities premium *	(818)	(692)
Balance as at the end of the year	**1,363**	**1,891**
(d) Equity instruments through other comprehensive income		
Balance as at the beginning of the year	66,220	51,564
Measurement of investments at FVTOCI (net of taxes)	50,926	14,656
Transferred to statement of profit and loss on account of sale of shares of Swaraj Engines Limited	(29,566)	-
Balance as at the end of the year	**87,580**	**66,220**
(e) Surplus/ (Deficit) in the Statement of Profit and Loss		
Balance as at the beginning of the year	59,282	54,166
Add: Net Profit transferred from the Statement of Profit and Loss	7,409	6,085
Add: Adjustment on lapse of share options	-	-
Add/(Less): Remeasurement of defined benefit plans (net of taxes)	(12)	2
Add : Transfer from other comprehensive income on account of sale of shares of Swaraj Engines Limited	29,566	-
Amount available for appropriation	**96,245**	60,253
Less: Appropriations:		
Final Dividend for F.Y. 2021-22 (2020-21)	981	971
Net surplus in the Statement of Profit and Loss	**95,264**	**59,282**
Total	**2,18,077**	**1,60,445**

Notes Forming part of Standalone Financial Statements

for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 26 : Other Equity (Contd..)

Notes:

1) Security Premium:

The amount in the security premium account represents the additional amount paid by the shareholders for the issued shares in excess of the face value of equity shares

2) General reserve:

General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payout, bonus issue, etc

3) Share options outstanding account:

The share option outstanding account is used to recognise the fair value of options to the employees of the Company and its Wholly Owned Subsidiary, under the employee stock option plans of the Company, which are unvested or unexercised as on the reporting date (Refer Note No 44)

4) Equity instruments Through Other Comprehensive Income:

This reserve represents the cumulative gains and losses arising on the fair valuation of equity instruments measured through other comprehensive income, net of amounts reclassified to retained earnings when these equity instruments are disposed off.

5) Surplus/(Deficit) in the Statement of Profit and Loss:

This comprise of the undistributed profit after taxes.

Note: 26A

As the Company changed from ESOP policy to ESAR policy, an amount of ₹ 921 lakhs was transferred from the share options outstanding account to general reserve in its financial statements for the year ended year 31 March 2022. However, the said amount should have been transferred to Securities premium account to comply with the provisions of Ind AS 102. As a consequence, the balance in the general reserve has been overstated and the balance in share options outstanding account and securities premium was understated. These line items have been restated in the financial statement in the comparative period as below:

Particulars	As at 31 March 2022
General reserves	(921)
Securities premium	432
Share options outstanding account	489

Note 27 : Interest income

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
- On financial assets measured at amortised cost		
Interest on Loans	699	-
Interest on deposits with banks	415	115
Interest on Optionally Convertible Debentures	238	168
Total	**1352**	**283**

Notes Forming part of Standalone Financial Statements

for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 28 : Net gain on fair value changes

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
- On financial instruments measured at fair value through profit and loss		
Investments in mutual funds		
Unrealised	221	-
Realised	245	87
Total	**466**	**87**

Note 29 : Revenue from windmill operations

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Sale of wind power	252	232
Sale of renewable energy credit *	82	88
Total	**334**	**320**

*8,174 Renewable Energy Certificates (RECs) sold during the year (Previous Year : 8,778)

Note 30 : Other Income

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Property licensing fees	2,719	2,708
Business faciliation services	74	250
Provisions no longer required written back	-	6
Gain on Sale of property, plant and equipment	11	30
Gain on Sale of investment property	-	13
Miscellaneous income	5	-
Total	**2,809**	**3,007**

Note 31 : Finance costs

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
- On financial liabilities measured at amortised cost		
Unwinding of interest on security deposit	109	111
Lease liability	7	9
- On provisions		
Unwinding of interest on provision for decommissioning and restoration	19	18
Net interest on net defined benefit liability	16	13
Total	**151**	**151**

Notes Forming part of Standalone Financial Statements

for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 32 : Employee benefit expenses

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Salaries and incentives	657	623
Contributions to provident and other funds	76	76
Employees stock option expense (Refer Note No. 44)	64	64
Gratuity	12	30
Staff welfare expenses	8	5
Total	**817**	**798**

Note 33 : Depreciation and amortisation expenses

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
On property, plant and equipment (Refer Note No. 16)	185	180
On investment property (Refer Note No. 15)	70	77
On Right of Use of asset (Refer Note No. 16)	24	26
On intangible assets (Refer Note No. 16)	2	2
Total	**281**	**285**

Note 34 : Corporate social responsibility expenses

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Construction/ acquisition of any asset		
- Amount already incurred	-	-
- Amount yet to be incurred	-	-
On purposes other than above		
- Amount already incurred	20	19
- Amount yet to be incurred	-	-
Total	**20**	**19**

As per Section 135 of the Companies Act, 2013, the Company was required to spend ₹ 20 lakhs as expenditure on CSR activities during the year (Previous Year ₹ 19 Lakhs after settling off excess cotribution pertaining to earlier year of ₹ 1 Lakh).

Note 35 : Operating and other expenses

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
A. Operating expenses of windmills		
Operation, maintenance and other charges	84	87
Transmission and wheeling charges	54	53
Other open access charges	12	16
Renewable energy related expenses	6	7
Sub Total	**156**	**163**
B. Other expenses		
Security expenses	264	251
Repairs and maintenance :		
- Property	74	71
- Other assets	37	49
Garden and site maintenance	60	45

Notes Forming part of Standalone Financial Statements

for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 35 : Operating and other expenses (Contd..)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Rates and taxes	46	46
Legal and professional fees	344	188
Commission to Directors	67	38
Director sitting fees	65	42
Electricity charges	16	16
Travelling expenses	13	7
Insurance charges	14	18
Membership subscription	8	8
Bad debt written off	-	-
Miscellaneous expenses	48	53
Payment to auditors :		
(a) for audit	9	8
(b) for tax audit	-	-
(c) for other services	1	1
Sub Total	**1,066**	**841**
Total	**1,222**	**1,004**

Note 36: Income taxes

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
(i) The major components of income tax expense are:		
(a) Statement of Profit and Loss section		
Current income tax charge	1,946	1,726
Short/ (Excess) provision of earlier years	(124)	244
Deferred tax	111	(45)
Income tax expense reported in the Statement of Profit and Loss	**1,933**	**1,925**
(b) Statement of other comprehensive income		
Deferred tax (expense) / income on fair valuation of equity instruments	(6,524)	(800)
Deferred tax (expense) / income on remeasurements of defined benefit plan	(4)	1
Income tax charged to other comprehensive income	**(6,528)**	**(799)**
(ii) Reconciliation of tax expense and the accounting profit		
Accounting profit for the company before income tax	9,342	8,010
Enacted tax rates in India	25.168%	25.168%
Computed tax expense	2,351	2,016
Add/ (Less) net adjustment on account of:		
Deduction under Section 80M	(247)	(246)
Disallowances under Income Tax Act, 1961	205	301
Provision of earlier years	(124)	(244)
Capital gain	(3)	44
Other adjustments	(249)	54
Total	**(418)**	**(91)**
Income tax expense	1,933	1,925
Effective tax rate	20.69%	24.03%

Notes Forming part of Standalone Financial Statements

for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 36: Income taxes

Particulars	As at 31 March 2023	As at 31 March 2022
(iii) Movement in current tax asset / current tax liabilities (net)		
Balance at the beginning of the year (current tax asset (net))	1,363	1,531
Provision recognised during the year	(1,822)	(1,995)
Current tax paid for the year	1,884	1,827
Balance at the end of the year	**1,425**	**1,363**
Current tax assets	17,049	11,984
Current tax liabilities	15,624	10,621
Total (Net)	**1,425**	**1,363**

Particulars	Balance Sheet		Statement of Profit and Loss	
	As at 31 March 2023	As at 31 March 2022	Year ended 31 March 2023	Year ended 31 March 2022
(iv) Deferred tax relates to the following:				
Deferred tax assets				
Provision for Employee benefits	98	90	8	18
Provision for dismantling obligation	62	57	5	5
MAT credit entitlement	50	50	-	-
Optionaly Convertible Debentures	728	788	(60)	(42)
Other temporary difference	-	-	-	-
Gross deferred tax assets	**938**	**985**	**(47)**	**(19)**
Deferred tax liabilities				
Property, plant and equipment	140	137	3	11
Fair valuation of financial instruments	56	-	56	(75)
Fair valuation of equity financial instruments	4,251	900	3,351	798
Other temporary difference	3	2	1	1
Tax impact of sale of equity investment measured through OCI	-	-	3,181	
Gross deferred tax liabilities	**4,450**	**1,039**	**6,592**	**735**
Deferred tax (assets)/liabilities (Net)	**3,512**	**54**	**6,639**	**754**
Amount recognised in Statement of Profit and Loss			111	(45)
Amount recognised in Statement of Other Comprehensive Income			6,528	799

Note 37: Earnings per share

Basic EPS amounts are 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 year.

Diluted EPS amounts are calculated by adjusting profit or loss attributable to ordinary equity holders of the entity, and the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares.

Notes Forming part of Standalone Financial Statements

for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 37: Earnings per share

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars		Year ended 31 March 2023	Year ended 31 March 2022
Net profit after tax attributable to equity shareholders of the Company	(A)	7,409	6,085
Weighted average number of equity shares in calculating basic EPS	(B)	98,16,948	97,44,526
Effect of dilution:			
Stock options granted during the year		1,78,281	2,24,079
Total number of diluted equity shares at the end of the year	(C)	99,95,229	99,68,605
Basic earnings per share of face value of 10 each (₹)	(A/B)	75.47	62.45
Diluted earnings per share of face value of 10 each (₹)	(A/C)	74.13	61.04

Note 38: Employee benefits expense

(a) Defined contribution plans :

The Company has contributed ₹ 76 Lakhs (Previous Year: ₹ 76 Lakhs) towards defined contribution plans i.e., Provident Fund and Superannuation Scheme.

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
- Amount recognised in the Statement of Profit and Loss towards contribution to employees Provident Fund and Superannuation Fund	76	76
Total	**76**	**76**

(b) Defined benefit plans :

Gratuity : The Company has an unfunded defined benefit Gratuity plan. Every employee who has completed five years or more of service is eligible for a gratuity on separation at 15 days basic salary (last drawn salary) for each completed year of service. Where service is in excess of 15 years, full month's basic salary is considered for the calculation of gratuity.

Disclosure pursuant to Indian Accounting Standard (Ind AS) 19 : Employee Benefits

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Amount recognised in Statement of Profit and Loss under employee benefit expenses		
Current / Past service cost	12	30
Interest expenditure on defined benefit liability	16	13
Amount recognised in Statement of Other Comprehensive Income		
Remeasurements of defined benefit plan (gain) /Loss	16	(3)

Reconciliation of liability

Particulars	Present value of Obligation	
	Year ended 31 March 2023	Year ended 31 March 2022
Balance at the beginning of the year	**241**	201
Transfer in / (out)	-	-
Current / past service cost	12	30
Net interest (income) / expense	16	13
Total amount recognised in Statement of Profit and Loss	**28**	**43**

Notes Forming part of Standalone Financial Statements

for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 38: Employee benefits expense (Contd..)

Particulars	Present value of Obligation	
	Year ended 31 March 2023	Year ended 31 March 2022
Remeasurement during the period due to:		
Return on plan assets excluding amounts included in interest income	-	-
Change in financial assumptions	16	(3)
Change in experience adjustments	-	-
Total amount recognised in Other Comprehensive Income	**16**	**(3)**
Employers contributions	-	-
Benefit payments	-	-
Balance at the end of the year	**285**	**241**

The net liability disclosed above relates to funded and unfunded plans are as follows:

Particulars	As at 31 March 2023	As at 31 March 2022
Present value of obligations	285	241
Fair value of plan assets	NA	NA
Deficit/surplus of plans	(285)	(241)
Deficit of Gratuity plan	**(285)**	**(241)**

The principal assumptions used in determining gratuity obligations for the Company are shown below:

Particulars	As at 31 March 2023	As at 31 March 2022
a. Discount rate	7.40%	6.70%
b. Rate of increase in compensation cost	10.00%	10.00%
c. Expected average remaining working lives of employees (years)*	6.33	6.63
d. Withdrawal rate of attrition	10.00%	10.00%

*It is actuarially calculated term of the liability using probabilities of death, withdrawal and retirement. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

A quantitative sensitivity analysis for significant assumption as at 31 March 2023 and 31 March 2022, is shown below:

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the present value of obligation.

Particulars	Sensitivity level	Increase / (decrease) in defined benefit obligation (impact)	
		31 March 2023	31 March 2022
Discount rate			
Decrease by	1%	4	5
Increase by	1%	(4)	(5)
Future salary increase			
Decrease by	1%	(2)	(3)
Increase by	1%	2	3
Withdrawal rate			
Decrease by	1%	-	-
Increase by	1%	-	-

Notes Forming part of Standalone Financial Statements

for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 38: Employee benefits expense (Contd..)

The above sensitivity analyses have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the reporting date. In practice, generally it does not occur. When we change one variable, it affects the other variables. In calculating the sensitivity, project unit credit method at the end of the reporting period has been applied.

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

The followings are the expected future benefit payments for the defined benefit plan:

Particulars	As at 31 March 2023	As at 31 March 2022
Within the next 12 months (next annual reporting period)	266	16
Between 2 and 5 years	11	145
Beyond 5 years	18	16
Total expected payments	**295**	**177**

Weighted average duration of defined benefit plan obligation (based on discounted cash flows):

Particulars	31 March 2023	31 March 2022
Weighted average duration of defined benefit plan obligation (years)	2.36	7.40

Risk Exposure & Asset Liability Matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

(1) Liability risks

(i) Asset-Liability mismatch risk-

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralise valuation swings caused by interest rate movements.Hence companies are encouraged to adopt asset-liability management.

(ii) Discount rate risk-

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

(iii) Future salary escalation and inflation risk-

Since price inflation and salary growth are linked economically,they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainities in estimating this increasing risk.

(iv) Unfunded plan risk-

This represents unmanaged risk and a growing liability. There is an inherent risk here that the Company may default on paying the benefits inadverse circumstances. Funding the plan removes volatility in Company's financials and also benefit risk through return on the funds made available for the plan.

Notes Forming part of Standalone Financial Statements

for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 39: Contingent liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
a. Disputed demands		
- Service tax	3	3
- Income tax [out of this ₹ 1,065 Lakhs (Previous Year ₹ 1,065 Lakhs) paid under protest]	1,254	1,206
b. Conveyance deed charges in respect of property	22	22

Note 40: Capital commitments

Particulars	As at 31 March 2023	As at 31 March 2022
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	-
Total	**-**	**-**

Note 41: Provisions

The disclosure required by IND AS 37 - Provisions, Contingent Liabilities and Contingent Assets prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, is as follows:

Provision for decommissioning and Restoration*	As at 31 March 2023	As at 31 March 2022
Opening balance of provision	226	208
Provisions for the year	19	18
Closing balance of provision	**245**	**226**

*Nature of Obligation: Provision for possible obligation towards outflow related to decommissioning and restoration of windmills.

Expected timing of resulting outflow: Substantial costs will be incurred at the end of useful life of windmills.

Note 42: Revenue from contracts with customers

Disclosure pursuant to Indian Accounting Standard (Ind AS) 115 : Revenue from contracts with customers

A. Revenue streams

The Company generates revenue primarily from wind power generation.

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Revenue from contracts with customers	334	320
Total	**334**	**320**

B. Disaggregation of revenue from contracts with customers

The entire revenue from contracts with customers is recognised at point in time and pertain to one line of business i.e., wind power generation.

The information relating to trade receivables from revenue from operations is disclosed in Note No. 8 and 11

Notes Forming part of Standalone Financial Statements

for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 42: Revenue from contracts with customers (Contd..)

C. Contract assets reconciliation

Provision for decommissioning and Restoration*	Year ended 31 March 2023	Year ended 31 March 2022
Opening contract assets	16	25
Revenue recognised during the year	252	232
Written off during the year	-	-
Revenue realised during the year	230	241
Closing contract assets	**38**	**16**

Note 43: Related party transactions

Related parties, as defined under Clause 3 of Ind AS 24 "Related Party Disclosures", have been identified on the basis of representation made by the Key Management Persons and taken on record by the Board of Directors. Disclosures of transactions with related parties are as under:

(A) List of related parties as per the requirements of Ind AS 24 - Related party disclosures

(i) Subsidiaries:

Kirloskar Ferrous Industries Limited

Avante Spaces Limited (formerly known as Wellness Space Developers Limited)

(ii) Fellow Subsidiaries:

ISMT Limited

Subsidiaries of ISMT Limited

ISMT Enterprises SA, Luxembourg

Structo Hydraulics AB, Sweden

ISMT Europe AB, Sweden

Indian Seamless Inc., USA

Tridem Port and Power Company Pvt Ltd

Nagapattinam Energy Pvt Ltd

PT ISMT Resources, Indonesia

Best Exim Pvt Ltd

Success Power and Infraprojects Pvt Ltd

Marshall Microware Infrastructure Development Company Pvt Ltd

(iii) Key Management Personnel :

Name of Key Management Personnel	Designation	Transactions with relatives of Key Management Personnel and relationship
Mahesh Chhabria	Managing Director	None
Aditi Chirmule	Executive Director	None
Anandh Baheti *	Chief Financial Officer	None
Ashwini Mali	Company Secretary	None

* CFO has joined from 14 July, 2022

Notes Forming part of Standalone Financial Statements

for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 43: Related party transactions (Contd..)

(B) Summary of transactions with related parties

Nature of transaction	Subsidiaries		Key Management Personnel	
	2022-23	2021-22	2022-23	2021-22
Compensation paid to Key Management Personnel	-	-	2,067	1,286
Loan to subsidiary	4,180	12,465	-	-
Security deposit received	-	-	-	-
Sale of assets	-	4	-	-
Reimbursement of expenses received	147	436	-	-
Dividend received	3,885	3,885	-	-
Interest Received	699	-		
Dividend paid	-	-	6	2
Licensing fees received	22	21	-	-
0% Optionally Convertible Debentures	-	6,000	-	-
Settlement of Business Transfer Agreement	-	1,500	-	-
Purchase of equity shares of Wholly Owned Subsidiary	-	1,500	-	-
Purchase of equity shares of step-down Subsidiary	7,828	-		

Outstanding as at 31 March	Subsidiaries		Key Management Personnel	
	2022-23	2021-22	2022-23	2021-22
Other Payable	-	-	190	160
Security deposit Payable	11	11	-	-
Loan	18,145	13,965	-	-
Receivable	71	76	-	-
0% Optionally Convertible Debentures	6,000	6,000	-	-
Deemed investment in equity -ESAR	462	237	-	-
Investments	26,856	19,028	-	-

Compensation paid to Key Management Personnel

Particulars	2023	2022
Short-term employee benefits (compensation)	611	577
Post - employment gratuity benefits	47	31
Other long-term employment benefits	21	33
Share-based payment transactions	1,388	645
Total	**2,067**	**1,286**

Note 44: Stock option scheme

Equity Settled Stock Appreciation Rights Plan 2019 (KIL ESARP 2019)

The Company had passed Special Resolution through Postal Ballot and approved - 'Kirloskar Industries Limited - Employee Stock Aprreciation Right Plan 2019' ('KIL ESARP 2019') on 29 December 2019 and authorised the Board to create, offer and grant from time to time, in one or more tranches, to employees of the Company and its subsidiary company 4,85,000 equity shares of ₹ 10 each fully paid up. The Company had granted an aggregate of 4,70,898 ESARs exercisable into not more than 4,85,000 equity shares of the Company face value of ₹ 10 each fully paid up.

In terms of the KIL ESARP 2019, the vested ESARs upon exercise shall be settled by way of allotment of equity shares. Options granted under KIL ESARP 2019 would vest after minimum period of 1 (one) year but not later than a maximum period of 4 (four) years from the date of grant of such options. Any option granted shall be exercisable according to the terms and conditions as determined

Notes Forming part of Standalone Financial Statements

for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 44: Stock option scheme (Contd.)

by the Nomination and Remuneration Committee and as set forth in the Grant Letter. The number of equity shares allotted would be the product of the number of ESARs exercised and the proportion of appreciation in each ESAR as compared to the market price on the date of exercise. The appreciation would be the excess of market price of the equity share over the ESAR Price in terms of the KIL ESARP 2019. No shares shall be allotted in case there is no appreciation in the price of the shares. Upon the exercise of the options, the amount equivalent to the face value of the shares allotted would be payable by the employees to the Company.

Under the KIL ESOP 2017 Plan, the cost of equity-settled transactions (options granted) is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised as "employee benefits expenses" together with a corresponding "increase in Stock Options Outstanding reserves in Equity", over the period in which the vesting conditions are fulfilled by the employees.

KIL ESOP 2017 Plan was modified and was introduced as KIL ESARP 2019.

1) For unvested options of KIL ESOP 2017, in compliance with 'IND AS 102: Share Based Payment':

   > The Company has recognised incremental fair value of ESAR which shall be amortised over the vesting period as per KIL ESARP 2019.

   > This is in addition to the fair value of original options which will be amortised over the remaining vesting period of original options under KIL ESOP 2017.

2) For options already vested, incremental fair value shall be recognised over the vesting period of KIL ESARP 2019.

3) Further, fair value of new ESARs granted shall be recognised over the vesting period of KIL ESARP 2019.

The details of Employee Stock Appreciations Rights granted under KIL ESARP 2019 are as under :

Particulars	Year ended 31 March 2023		Year ended 31 March 2022	
	Weighted average exercise price per share per option (₹) *	Number of options	Weighted average exercise price per share per option (₹) *	Number of options
Outstanding at the beginning of the year	500	3,39,726	500	4,70,898
Granted during the year	-	37,600	-	-
Exercised during the year	-	(1,43,992)	-	(1,07,172)
Forfeited during the year	-	-	-	(24,000)
Expired during the year	-	-	-	-
Outstanding at the end of the year	**500**	**2,33,334**	**500**	**3,39,726**
Exercisable at the end of the year	-	1,95,734	-	2,21,437
Weighted average share price (₹)	3.62	-	4.35	0
Weighted average remaining contractual life of options outstanding at the end of the year	-	4.05	-	4.81

*Represents the base price with reference to which the appreciation per share shall be computed to determined the number of shares eligible for exercise

I Fair value of the options granted:

The Company has recorded employee stock-based compensation expense relating to the options granted to the employees on the basis of fair value of options.

The fair value of the options granted is mentioned below as per vesting period. The fair value of the options is determined using Black-Scholes-Merton model which takes into account the exercise price, the term of the option (time to maturity), the share price as at the grant date and expected price volatility (standard deviation) of the underlying share, the expected dividend yield and risk-free interest rate for the term of the option.

Notes Forming part of Standalone Financial Statements

for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 44: Stock option scheme (Contd.)

II Modification of KIL ESOP Plan 2017 and Implementation of KIL ESARP 2019

The incremental fair values and assumptions used for computation of such incremental fair values; and fair value of additional ESARs granted under KIL ESARP 2019

Grant: ESOP 2017 Exercise period – 3 years (Revised terms)	Original Grant date: 01 November 2017, 25 October 2018 & 30 January 2020 Modified Grant Date: 30 January 2020		
Vesting dates	**01-Nov-18**	**01-Nov-19**	**01-Nov-20**
Input variables			
Market Price (₹	666	666	666
Expected Life (In Years)	3.50	4.50	5.50
Volatility (%)	37.17%	37.01%	39.21%
Riskfree Rate (%)	5.98%	6.23%	6.42%
Exercise Price (₹)	500	500	500
Dividend yield (%)	3.15%	3.15%	3.15%
Fair value of option (₹) (A)	**251**	**266**	**285**

Premodification fair value for ESOPs granted on 1 November 2017

Grant: ESOP 2017 Exercise period – 3 years (Revised terms)	Original Grant date: 01 November 2017 Modified Grant Date: 30 January 2020		
Vesting dates	**01-Nov-18**	**01-Nov-19**	**01-Nov-20**
Input variables			
Market Price (₹	645	645	645
Expected Life (In Years)	0.88	1.38	2.26
Volatility (%)	30.08%	30.66%	30.00%
Riskfree Rate (%)	5.29%	5.47%	5.82%
Exercise Price (₹)	900	900	900
Dividend yield (%)	3.25%	3.25%	3.25%
Fair value of option (₹) (B)	**14**	**29**	**51**
Incremental fair value of ESOPs granted on 1 November 2017 after modification on 30 January 2020 (A) – (B)	**237**	**237**	**234**

Premodification fair value for ESOPs granted on 25 October 2018

Grant: ESOP 2017 Exercise period – 3 years (Revised terms)	Original Grant date: 25 October 2018 Modified Grant Date: 30 January 2020		
Vesting dates	**01-Nov-18**	**01-Nov-19**	**01-Nov-20**
Input variables			
Market Price (₹)	645	645	645
Expected Life (In Years)	1.37	1.37	1.37
Volatility (%)	28.97%	28.97%	28.97%
Riskfree Rate (%)	5.47%	5.47%	5.47%
Exercise Price (₹)	900	900	900
Dividend yield (%)	3.25%	3.25%	3.25%
Fair value of option (₹) (C)	**25**	**25**	**25**
Incremental fair value of ESOPs granted on 25 October 2018 after modification on 30 January 2020 (A) – (C)	**226**	**241**	**260**

III Employee-benefit expenses recognised in the standalone Financial Statements

The Company has recorded employee stock-based compensation of ₹ 290 Lakhs (Previous Year: ₹ 238 Lakhs) out of which ₹64 Lakhs (Previous Year: ₹ 64 Lakhs) has been recognised in the Statement of Profit and Loss and ₹ 225 Lakhs (Previous Year : ₹ 140 lakhs) has been recognised as deemed investment in Wholly Owned Subsidiary relating to the options granted to the employees of the Company and its Wholly Owned Subsidiary for the year ended 31 March 2023.

Notes Forming part of Standalone Financial Statements

for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 45: Leases

	As at 31 March 2023	As at 31 March 2022
(a) Right of Use of Assets		
(I) Gross block		
Balance at the beginning of the year	115	115
Add : Addition during the year	-	-
Balance at the end of the year	**115**	**115**
(II) Amortisation		
Balance at the beginning of the year	52	26
Amortisation for the year :		
- Charged to Statement of Profit and Loss	24	26
Balance at the end of the year	**76**	**52**
Closing of Right of Use of assets (I-II)	**39**	**63**
(B) Movement of Leases liability during the year		
Balance as at beginning of the year	64	87
Finance cost incurred during the year	7	9
Payment including accured/or due of Lease liability	36	32
Deletions during the year	-	-
Balance as at end of the year	**35**	**64**
(C) Maturity analysis of Leases		
Payment of Lease liability		
Not later than one year	36	33
Later than one year but not later than five years	21	57
Later than five years	-	-
Total	**57**	**90**

Note 46: Fair value measurements

Set out below is a comparison, by class, of the carrying amounts and the fair value of the Company's financial instruments as of 31 March 2023

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit and loss	Financial assets/liabilities at fair value through OCI	Total carrying value	Total fair value
Financial assets					
Cash and cash equivalents	2,790	-	-	2,790	2,790
Bank balances other than above	10,498	-	-	10,498	10,498
Receivables					
- Trade receivables	13	-	-	13	13
Loan	-	18,145	-	18,145	18,145
Investments	-	9,204	1,46,452	1,55,656	1,55,656
Other financial assets	132	3,109	-	3,241	3,241
Total	**13,433**	**30,458**	**1,46,452**	**1,90,343**	**1,90,343**
Financial liabilities					
Trade payables	-	-	-	-	-
Deposits	1,187	-	-	1,187	1,187
Other financial liabilities	612	-	-	612	612
Total	**1,799**	**-**	**-**	**1,799**	**1,799**

Notes Forming part of Standalone Financial Statements

for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 46: Fair value measurements (Contd..)

Set out below is a comparison, by class, of the carrying amounts and the fair value of the Company's financial instruments as of 31 March 2022

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit and loss	Financial assets/liabilities at fair value through OCI	Total carrying value	Total fair value
Financial assets					
Cash and cash equivalents	1,338	-	-	1,338	1,338
Bank balances other than above	82	-	-	82	82
Receivables					
- Trade receivables	28	-	-	28	28
Loan	-	13,965	-	13,965	13,965
Investments	-	-	1,18,595	1,18,595	1,18,595
Other financial assets	112	2,871	-	2,983	2,983
Total	**1,560**	**16,836**	**1,18,595**	**1,36,991**	**1,36,991**
Financial liabilities					
Trade payables	-	-	-	-	-
Deposits	1,075	-	-	1,075	1,075
Other financial liabilities	570	-	-	570	570
Total	**1,645**	**-**	**-**	**1,645**	**1,645**

The following methods and assumptions were used to estimate the fair values / amortised cost as applicable

i) The fair values of equity instruments are measured using Level 1 hierarchy. There have been no transfers among Level 1, Level 2 and Level 3 during the year.

ii) The management assessed that the fair value of cash and cash equivalents, other bank balances, trade receivables, trade payables, deposits and other financial assets and liabilities approximate their carrying amounts.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

(iii) The fair value of the quoted equity shares are based on the price quotations at reporting date.

(iv) The fair value of unquoted instruments - The Company has carried out fair valuation of investments in equity shares of unquoted instruments based on discounted cash flow method under income approach based on valuation carried out by an independent valuer. The unquoted instruments are measured using Level 3 hierarchy.

(v) The fair value of other financial liabilities as well as other financial assets is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

(vi) The fair value of debt component of unsecured OCDs is computed by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

Notes Forming part of Standalone Financial Statements

for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 47: Financial risk management

The Company's activities exposes it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified are systematically addressed through risk mitigation actions on a continuing basis.

(A) Market risk

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

The Company does not have any foreign currency obligation nor does it have any borrowings. Accordingly, the Company does not perceive any foreign currency risk or interest rate risk.

(B) Equity price risk

Equity price risk is related to the change in market reference price of the investments in equity securities. The fair value of the Company’s investments measured at fair value through other comprehensive income and fair value through profit and loss exposes the Company to equity price risks. These investments are subject to changes in the market price of securities.

The fair value of Company’s investment as at 31 March 2023, in quoted & unquoted equity securities was ₹ 1,46,452 Lakhs (Previous Year : ₹ 1,18,595 lakhs quoted equity shares) and ₹ 9,204 Lakhs in quoted mutual funds (Previous Year : Nil in quoted mutual funds). The impact of change in equity price risk is as under:

Particulars	31 March 2023		31 March 2022	
	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
Impact on Statement of Profit and Loss				
Mutual funds	920	(920)	-	-
Impact on Statement of Other Comprehensive Income				
Equity shares	14,645	(14,645)	11,860	(11,860)

(C) Credit risk

The Company is exposed to credit risk from its operating activities (primarily trade receivables).

I. Trade receivables

Credit risk is the risk that one party to financial instrument will cause a financial loss for the other party by failing to discharge an obligation. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts, ageing of accounts receivable and forward looking information. Individual credit limits are set accordingly. The credit period offered to customers is 30 days from the date of invoice.

Notes Forming part of Standalone Financial Statements

for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 47: Financial risk management (Contd..)

For ageing analysis of trade receivables/unbilled contract assets refer note no. 8

Movement of provision for Expected Credit Loss:

Particulars	As at 31 March 2023	As at 31 March 2022
Opening provision for Expected Credit Loss	-	-
Change during the year (Net)	-	-
Closing provision for Expected Credit Loss	**-**	**-**

Credit risk on cash and cash equivalents and other bank balances is insignificant as the Company generally invests in bank deposits and liquid mutual funds with high credit ratings.

(D) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The flexibility in funding requirements is met by ensuring availability of adequate inflows.

The Company had no outstanding bank borrowings as of 31 March 2023 and 31 March 2022. The working capital of the Company is positive as at each reporting date.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Particulars	On demand	Upto 1 year	More than 1 year upto 3 years	More than 3 years
Trade payables	-	-	-	-
Deposits (undiscounted)	8	13	1,338	-
Other financial liabilities	74	538		-
As at 31 March 2023	**82**	**551**	**1,338**	**-**
Trade payables	-	-	-	-
Deposits (undiscounted)	7	10	1,338	-
Other financial liabilities	82	457	31	-
As at 31 March 2022	**89**	**467**	**1,369**	**-**

Note 48: Capital Management

The Company's objectives when managing capital are to :

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and

- Maintain an optimal capital structure to reduce the cost of capital.

The Company's capital structure completely comprises of equity component. 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 etc.

No changes were made in the objectives, policies or processes for managing capital during the year and during the Previous Year.

Notes Forming part of Standalone Financial Statements

for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 49: Ratio

The Company is termed as an Unregistered Core Investment Company (CIC) as per Reserve Bank of India Guidelines dated 13 August 2020 and is not exposed to any regulatory imposed capital requirements. Thus, the following analytical ratios are not applicable to the Company.

1) Capital to risk-weighted assets ratio (CRAR)

2) Tier I CRAR

3) Tier II CRAR

4) Liquidity Coverage Ratio

Note 50: Relationship with Struck off Companies

During the year the company has not made any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

Note 51: Event after reporting period

According to the management's evaluation of events subsequent to the Balance Sheet date, there were no significant adjusting events that occurred other than those disclosed/given effect to, in these Financial Statements as of 31 March 2023.

Note 52: Dividend

The Board of Directors has proposed Final Dividend of₹ 11 (i.e. 110%) per equity share for FY 2022-23. (Previous year Final dividend ₹ 10 per equity share i.e. 100%).

Note 53

Previous year's figures have been regrouped wherever considered necessary to make them comparable with those of the current year.

As per our attached report of even date

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration Number: 105215W/W100057

Parag Pansare
Partner
Membership Number: 117309

Pune: 23 May 2023

For and on behalf of the Board of Directors

Mahesh Chhabria
Managing Director
DIN 00166049

Aditi Chirmule
Executive Director
DIN 01138984

Anandh Baheti
Chief Financial Officer

Ashwini Mali
Company Secretary
ACS 19944

Pune: 23 May 2023

Independent Auditors' Report

on the Audit of the Consolidated Financial Statements

To
The Members of **Kirloskar Industries Limited**

Opinion

We have audited the accompanying consolidated financial statements of Kirloskar Industries Limited ("the Company") and its subsidiaries, (the Company and its subsidiaries together referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2023, and 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 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 and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries referred to in the Other Matters section below the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("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 ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2023, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under Section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) 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 made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of their reports referred to in the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following key audit matters relate only to the audit of Consolidated financial statements of Kirloskar Ferrous Industries Limited (the Subsidiary) –

Sr. No.	Key Audit Matter	How our audit addressed the key audit matter
1.	**Contingent Liability** The Company is involved in direct and indirect tax litigations that are pending with various tax authorities. Whether a liability is recognized or disclosed as a contingent liability in the financial statements is inherently judgmental and dependent on assumptions and assessments. We placed specific focus on the judgements in respect to these demands against the Company. Determining the amount, if any, to be recognized or disclosed in the financial statements, is inherently subjective. Therefore, these litigations amount is considered to be a key audit matter.	Our procedures included, but were not limited to, the following: • Obtained an understanding from the management with respect to process and controls followed by the Company for identification and monitoring of significant developments in relation to the litigations, including completeness thereof. • Obtained the list of litigations from the management and reviewed their assessment of the likelihood of outflow of economic resources being probable, possible or remote in respect of the litigations. • Assessed management's discussions held with their legal consultants and understanding precedents in similar cases;

Sr. No.	Key Audit Matter	How our audit addressed the key audit matter
		• Obtained and evaluated the confirmations from the consultants representing the Company before the various authorities and our own dedicated teams of direct tax and indirect tax. Assessed and validated the adequacy and appropriateness of the disclosures made by the management in the financial statements.
2.	**Property, Plant & Equipment** Valuation and existence of property, plant and equipment including assessment of useful lives and residual values Property, plant and equipment represents a significant proportion of the Company's asset base. The estimates and assumptions made to determine the carrying amounts, including whether and when to capitalize or expense certain costs, and the determination of depreciation charges are material to the Company's financial position and performance. The charges in respect of periodic depreciation are derived after estimating an asset's expected useful life and the expected residual value. Changes to asset's carrying amounts, expected useful lives or residual value could result in a material impact on the financial statements and hence considered as key audit matter.	Our audit approach consisted evaluation of design and implementation of controls, and testing the operating effectiveness of the internal controls over valuation of property, plant and equipment and review of useful lives; Periodic physical verification of property, plant and equipment for adequacy and appropriateness of the accounting and disclosure by the Management: • Review of CAPEX business process, flow of documents/ information and their control's effectiveness • Substantive Tests on random sampling for all the major additions, deletions to the assets by applying all the characteristics of capital expenditure, proper classification of the same, with reference to the Company's policy and accounting standards • We performed substantive testing for the determination of assets' useful lives and residual values with reference to management's judgments, including the appropriateness of past / existing asset lives and residual values applied in the calculation of depreciation. We also obtain certificates relating to useful lives of assets wherever required. • We have reviewed the policy and the procedure of physical verification of PPE. • After carrying out above audit procedures, we did not identify any exceptions in relation to the valuation and the existence of property, plant and equipment including assessment of useful lives and residual values which, may affect our opinion.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for preparation of the other information. The other information comprises the information included in the Report of the Board of Directors and the Report on the Corporate Governance 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 identified above and in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Other information so far as it relates to the wholly owned subsidiary, is traced from their financial statements audited by other auditors.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Act with respect to preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the respective 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 Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of those Companies

Auditor's Responsibilities for the Audit of the Consolidated Financial Statement

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 a part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls 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 and its subsidiaries which are companies incorporated in India, have adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of Subsidiaries of the Group 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 subsidiaries included in the consolidated financial statements of which we are the independent auditors.

  For the other subsidiaries included in the consolidated financial statements, which have been audited by the branch auditors or 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 consolidated 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 consolidated financial statements.

We communicate with those charged with governance of the Company and such other entities included in the 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 accompanying Statement includes the audited annual financial results and other financial information, in respect of, wholly owned Subsidiary Avante Spaces Limited (formerly known as Wellness Space Developers Limited) and ISMT Limited (Step down Subsidiary), whose Annual financial results include total assets of ₹ 2,27,526 Lakhs as at March 31, 2023, total income of ₹ 65,878 Lakhs and ₹ 2,59,824 Lakhs, total net profit after tax of ₹ 760 Lakhs and ₹ 8,456 Lakhs, total comprehensive income of ₹ 801 Lakhs and ₹ 8,808 Lakhs, for the quarter and year ended on that date respectively, and net cash outflow of ₹ 2,027 lakhs for the year ended March 31, 2023, as considered in the Statement which have been audited by their independent auditor.

   The independent auditor's report on the financial statements and other financial information of this entity has 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 this subsidiary is based solely on the report of such auditor and the procedures performed by us as stated above.

b. 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 matter with respect to our reliance on the work done and the reports of the other auditor.

Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries referred to in the Other Matters section above we report, to the extent applicable that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the 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.

   e) On the basis of the written representations received from the directors of the Company for the year ended March 31, 2023 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India are disqualified as on March 31, 2023 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Company, subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

   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 Company to its directors for the financial year ended as at March 31, 2023 is in accordance with the provisions of section 197 read with Schedule V to 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, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 45 of the consolidated financial statements.

      ii. The Group did not have any material foreseeable losses on long term contracts including derivative contracts.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiary companies.

iv. With respect to clause (e) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended

(a) The respective Managements of the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries, that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any such subsidiaries to or in any other person or entity, including foreign entity ('Intermediaries') with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries, that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or any such subsidiaries from any other person or entity, including foreign entity ('Intermediaries') with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and those performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our attention or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11 (e) as provided under (a) and (b) above, contain any material misstatement.

v. The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with section 123 of the Act, as applicable.

B. With respect to clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, the requirement under proviso to Rule 3(1) of Companies (Accounts) Rules, 2014 of mandatory audit trail in the Company accounting software is postponed to financial year commencing on or after 01 April 2023, as per notification G.S.R. 235(E) dated 31 March 2022, as issued by Ministry of Corporate Affairs. Accordingly, reporting for the same in not applicable.

C. With the respect to matters specified in Paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order" / "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the companies included in the consolidated financial statements except as follows:

Sr. No.	Name	CIN	Holding Company/ subsidiary	Clause number of the CARO report which is qualified or adverse
1	ISMT Limited	L27109PN1999PLC016417	Subsidiary Company	ii (b)
2	ISMT Limited	L27109PN1999PLC016417	Subsidiary Company	iii (c)
3	ISMT Limited	L27109PN1999PLC016417	Subsidiary Company	iii (d)
4	ISMT Limited	L27109PN1999PLC016417	Subsidiary Company	vi (a)

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration No.105215W/W100057

Sd/-
Parag Pansare
Partner
Membership No.: 117309
UDIN: 23117309BGQUZA5676
Pune, May 23, 2023

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2023, we have audited the internal financial controls over financial reporting of Kirloskar Industries Limited (hereinafter referred to as "the Company") and its subsidiary companies which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Management of the Company and its subsidiary companies 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). 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 respective 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 internal financial controls over financial reporting of the Company and its subsidiary companies which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, 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 judgement, 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, 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 internal financial controls system over financial reporting of the Company and its subsidiary companies which are companies incorporated in India.

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.

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Company, its subsidiary companies, 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 March 31, 2023, based on the criteria for internal financial control over financial reporting 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 issued by the Institute of Chartered Accountants of India.

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 insofar as it relates to wholly owned subsidiary which is company incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not modified in respect of the above matters.

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration No.105215W/W100057

Sd/-
Parag Pansare
Partner
Membership No.: 117309
UDIN: 23117309BGQUZA5676
Pune, May 23, 2023

Consolidated Balance Sheet

as at 31 March 2023 (*Amounts in Indian Rupees lakhs, unless otherwise stated*)

Particulars	Note No.	As at 31 March 2023	As at 31 March 2022
ASSETS			
1 Financial Assets			
(a) Cash and cash equivalents	6	8,898	9,435
(b) Bank balances other than (a) above	7	11,307	24,969
(c) Derivative financial instruments	8	-	337
(d) Receivables	9		
(i) Trade receivables		81,794	80,894
(e) Investments	10	1,57,527	1,19,025
(f) Other financial assets	11	4,119	3,510
		2,63,645	**2,38,170**
2 Non-Financial Assets			
Investment in subsidiary			
(a) Inventories	12	1,13,453	99,222
(b) Current tax assets (net)	13	3,646	2,297
(c) Deferred Tax assets (net)	25 ,43	-	-
(d) Investment property	14	1,690	1,760
(e) Property, plant and equipment	15	3,08,848	2,76,013
(f) Capital work-in-progress	16	38,750	39,771
(g) Intangible assets	15	377	194
(h) Intangible assets under development	17	3,516	2,011
(i) Goodwill	51	1	1
(j) Other non-financial assets	18	19,397	19,153
		4,89,678	**4,40,422**
TOTAL ASSETS		**7,53,323**	**6,78,592**
LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial Liabilities			
(a) Derivative financial instruments	19	148	-
(b) Trade payables	20		
(i) total outstanding dues of micro enterprises and small enterprises		3,367	3,303
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,00,696	1,03,942
(c) Borrowings (other than debt securities)	21	96,388	1,20,434
(d) Deposits	22	1,533	1,198
(e) Other financial liabilities	23	15,987	12,629
		2,18,119	**2,41,506**
2 Non-Financial Liabilities			
(a) Current tax liability (net)		2,262	1,293
(b) Provisions	24	3,088	3,455
(c) Deferred tax liabilities (net)	25, 43	24,869	19,776
(d) Other non-financial liabilities	26	12,702	6,036
		42,921	**30,560**
TOTAL LIABILITIES		**2,61,040**	**2,72,066**
3 EQUITY			
(a) Equity share capital	27	988	978
(b) Other equity	28	3,06,273	2,31,874
Equity attributable to owners of the Company		**3,07,261**	**2,32,852**
Non-controlling interest		1,85,022	1,73,674
Total Equity		**4,92,283**	**4,06,526**
TOTAL LIABILITIES AND EQUITY		**7,53,323**	**6,78,592**

Notes forming part of the Financial Statements: Note No. 1 to 55

As per our attached report of even date

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration Number: 105215W/W100057

Parag Pansare
Partner
Membership Number: 117309

Pune: 23 May 2023

For and on behalf of the Board of Directors

Mahesh Chhabria
Managing Director
DIN 00166049

Aditi Chirmule
Executive Director
DIN 01138984

Anandh Baheti
Chief Financial Officer

Ashwini Mali
Company Secretary
ACS 19944

Pune: 23 May 2023

Consolidated Statement of Profit and Loss

for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Particulars	Note No.	For the year ended 31 March 2023	For the year ended 31 March 2022
1 Revenue from Operations			
(a) Interest income	29	955	292
(b) Dividend income		3,099	2,729
(c) Net gain on fair value changes	30	469	87
(d) Revenue from sale of products	31	6,42,079	3,75,149
Total Revenue from Operations		**6,46,602**	**3,78,257**
2 Other Income	32	6,997	3,821
3 Total Income		**6,53,599**	**3,82,078**
4 Expenses			
(a) Finance costs	33	9,701	3,110
(b) Cost of material consumed	34	3,71,786	2,29,623
(c) Purchases of Stock-in-Trade		-	-
(d) Changes in inventories of finished goods, work-in-progress and by-product	35	(1,989)	(2,952)
(e) Provision/(Reversal) of impairment on financial instruments	36	-	412
(f) Employee benefit expenses	37	32,915	14,724
(g) Depreciation and amortisation expenses	38	17,585	9,548
(h) Corporate social responsibility expenses	39	1,869	472
(i) Operating and other expenses	40	1,55,950	70,309
5 Total Expenses		**5,87,817**	**3,25,246**
6 Profit before tax		**65,782**	**56,832**
7 Tax expense	43		
- Current tax		18,900	16,356
- Short/ (Excess) provision of earlier years		(822)	177
- Deferred tax		1,751	8,681
8 Total tax expenses		**19,829**	**25,214**
9 Profit for the year		**45,953**	**31,618**
10 Other Comprehensive Income/(Loss)			
Items that will not be reclassified to profit or loss			
a) Gain/(loss) on remeasurements of defined benefit plan		(61)	(147)
b) Gain/(loss) on fair valuation of investments in equity shares		27,893	15,829
c) Income tax expenses / (reversal) relating to items that will not be reclassified to profit or loss		(6,534)	(699)
d) Capital reserve on arising account of business combination		-	48,830
Items that will be reclassified to profit or loss			
Foreign Currency Translation Differences		119	(9)
11 Other Comprehensive Income/(Loss)		**21,417**	**63,804**
12 Total Comprehensive Income/(Loss) for the year		**67,370**	**95,422**
Profit attributable to:			
- Owners of the Company		22,431	19,360
- Non-controlling interest		23,522	12,258
Other Comprehensive Income/(loss) attributable to:			
- Owners of the Company		21,317	63,639
- Non-controlling interest		100	165
Total Comprehensive Income/(loss) attributable to:			
- Owners of the Company		43,748	82,999
- Non-controlling interest		23,622	12,423
13 Earnings per equity share			
[Nominal value of share ₹ 10 (Previous Year ₹ 10)]			
Basic (₹)	44	228.49	198.68
Diluted (₹)		223.23	193.77

Notes forming part of the Financial Statements: Note No. 1 to 55

As per our attached report of even date

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration Number: 105215W/W100057

Parag Pansare
Partner
Membership Number: 117309

Pune: 23 May 2023

For and on behalf of the Board of Directors

Mahesh Chhabria
Managing Director
DIN 00166049

Aditi Chirmule
Executive Director
DIN 01138984

Anandh Baheti
Chief Financial Officer

Ashwini Mali
Company Secretary
ACS 19944

Pune: 23 May 2023

Consolidated Statement of Changes in Equity

for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

A. Equity Share Capital

Equity shares of ₹ 10 each issued, subscribed and fully paid	As at 31 March 2023		As at 31 March 2022	
	No.	₹ lakhs	No.	₹ lakhs
As at beginning of the year	**97,80,262**	**978**	**97,08,650**	**971**
Add/ (Less): Changes in Equity Share Capital due to prior period errors	-	-	-	-
Add/ (Less): Restated balance at the beginning of the current reporting period	-	-	-	-
Add/ (Less): Issue of equity shares under ESAR scheme	1,03,669	10	71,612	7
As at end of the year	**98,83,931**	**988**	**97,80,262**	**978**

B. Other Equity

Particulars	Reserves and surplus - Attributable to owners of company						Non-controlling interest	Total
	Securities premium	General Reserve	Capital reserve	Share Options Outstanding Account	Equity instruments through Other Comprehensive Income	Surplus/ (Deficit) in the Statement of Profit and Loss		
As at 1 April 2021	**-**	**34,414**	**4,284**	**2,741**	**51,566**	**80,602**	**48,909**	**2,22,516**
Profit for the year	-	-	-	-	-	19,360	12,258	31,618
Measurement of investments at FVTOCI (net of taxes)	-	-	-	-	14,803	-	142	14,945
Total Comprehensive year for the year	**-**	**34,414**	**4,284**	**2,741**	**66,369**	**99,962**	**61,309**	**2,69,079**
Increased during the year	-	-	24,869	-	-	-	23,961	48,830
Transfer from share option outstanding account (Refer Note 28A)	692	-	-	(692)	-	-	-	-
Stock options expense	-	-	-	248	-	-	10	258
Adjustment on lapse of unvested share options	-	-	-	(46)	-	-	-	(46)
Remeasurement of defined benefit plans (net of taxes)	-	-	-	-	-	14	27	41
Increase on exercise of ESOPs of subsidiary	-	-	-	-	-	158	163	321
Opening adjustment relating to lease	-	-	-	-	-	2	-	2
Cost of share issued to Wholly Own Susbsidiary	**-**	**-**	**-**	**-**	**-**	(11)	-	(11)
Foreign Currency Translation Reserve	-	-	-	-		(3)	(2)	(5)
Transferred to non controlling interest due to variations in holding of shares in subsidiary	-	-	-	-	-	(159)	159	-
Increase in NCI due to acquisition of Step-down Subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**91,782**	**91,782**
Share application money received	-	-	-	-	-	3	-	3
Appropriations:	-	-	-	-		-	-	-
Transfer to general reserve	-	255	-	-	-	(255)	-	-
Final Dividend	-	-	-	-	-	(971)	(3,735)	(4,706)
As at 31 March 2022	**692**	**34,669**	**29,153**	**2,251**	**66,369**	**98,740**	**1,73,674**	**4,05,548**

Consolidated Statement of Changes in Equity

for the year ended 31 March 2023 (*Amounts in Indian Rupees lakhs, unless otherwise stated*)

B. Other Equity (Contd..)

Particulars	Reserves and surplus - Attributable to owners of company						Non-controlling interest	Total
	Securities premium	General Reserve	Capital reserve	Share Options Outstanding Account	Equity instruments through Other Comprehensive Income	Surplus/ (Deficit) in the Statement of Profit and Loss		
As at 31 March 2022	692	34,669	29,153	2,251	66,369	98,740	1,73,674	4,05,548
Profit for the year	-	-	-	-	-	22,431	23,522	45,953
Measurement of investments at FVTOCI (net of taxes)	-	-	-	-	50,798	-	178	50,976
Total Comprehensive year for the year	692	34,669	29,153	2,251	1,17,167	1,21,171	1,97,374	5,02,477
Adjustment on lapse of vested share options (Refer Note 28A)	-	-	-	(818)	-	-	-	(818)
Stock options expense	-	-	-	768	-	-	414	1,182
Remeasurement of defined benefit plans (net of taxes)	-	-	-	-	-	26	52	78
Increase on exercise of ESOPs of subsidiary	-	-	-	-	-	109	106	215
Transfer from share option outstanding account (Refer Note 28A)	818	-	-	(49)	-	-	-	769
Transferred to non controlling interest due to variations in holding of shares in subsidiary	-	-	-	-	-	(136)	136	-
Transferred to statement of profit and loss on account of sale of shares of Swaraj Engines Limited	-	-	-	-	(29,566)	29,566	-	-
Reduction in non controlling interest due to acquisition of equity shares in step-down subsidiary	-	-	-	-	-	1,406	(9,358)	(7,952)
Increase on exercise of ESOPs of subsidiaries	-	-	-	-	-	-	12	12
Foreign currency translalation reserve	-	-	-	-	-	31	30	61
Share application money received	-	-	-	-	-	(4)	11	7
Appropriations:	-						-	-
Transfer to general reserve	-	254	-	-	-	(254)	-	-
Final Dividend	-	-	-	-	-	(981)	(3,755)	(4,736)
As at 31 March 2023	**1,510**	**34,923**	**29,153**	**2,152**	**87,601**	**1,50,934**	**1,85,022**	**4,91,295**

Notes forming part of the Financial Statements: Note No. 1 to 55

As per our attached report of even date

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration Number: 105215W/W100057

Parag Pansare
Partner
Membership Number: 117309

Pune: 23 May 2023

For and on behalf of the Board of Directors

Mahesh Chhabria
Managing Director
DIN 00166049

Aditi Chirmule
Executive Director
DIN 01138984

Anandh Baheti
Chief Financial Officer

Ashwini Mali
Company Secretary
ACS 19944

Pune: 23 May 2023

Consolidated Statement of Cash Flow

for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Particulars	For the year ended 31 March 2023		For the year ended 31 March 2022	
A. Cash flow from operating activities				
Net Profit / (Loss) before tax		**65,782**		**56,832**
Adjustments for:				
Depreciation and amortisation expense	17,585		9,548	
Unrealised foreign exchange (Gain)/Loss	(101)		254	
Expenses on share based payments	1,034		248	
Loss on sale/ demolition of assets	-		84	
Sale of scrap from demolition of assets	-		(99)	
(Gain)/Loss on fair valuation and sale of mutual funds	(469)		(87)	
Provision for doubtful debts	2,392		41	
(Gain)/Loss on sale of property, plant and equipment and investment property (net)	(648)		(514)	
Provision/(Reversal) of impairment on financial assets	-		412	
Interest income	(955)		(292)	
Dividend income	(3,099)		(2,729)	
Income from licensing of properties	(2,697)		(2,702)	
Sundry credit balances appropriated	(1)		(14)	
Provisions no longer required written back	(267)		(392)	
Acquisition cost related to Step-down Subsidiary	-		820	
Fair value changes on equity instruments	(327)		375	
Fair value changes in derivative financial instruments	142		(337)	
Finance cost	9,701		3,110	
		22,290		7,726
Operating profit / (loss) before working capital changes		**88,072**		**64,558**
Changes in working capital:				
(Increase) / Decrease in inventories	(11,497)		(25,142)	
(Increase) / Decrease in trade receivables	(3,161)		(8,981)	
(Increase) / Decrease in other financial assets	(3,329)		(23,746)	
(Increase) / Decrease in other non-financial assets	(329)		(868)	
(Increase) / Decrease in bank balance other than cash and cash equivalent	23,972		-	
Increase / (Decrease) in other financial liabilities	1,213		(893)	
Increase / (Decrease) in trade payables	(2,307)		42,197	
Increase / (Decrease) in other non-financial liabilities	5,366		(1,379)	
Increase / (Decrease) in provisions	(314)		(595)	
		9,614		(19,407)
Cash generated from operations		97,686		45,151
Net income tax (paid) / refund		(21,637)		(13,491)
Net cash flow from / (used in) operating activities		**76,049**		**31,660**
B. Cash flow from investing activities				
Purchase of property, plant and equipment (including capital work in progress)	(48,153)		(43,457)	
Expenses on Real estate project under development	(4,116)		(12,015)	
Proceeds from sale of property, plant and equipment	6,580		689	
Fair value changes in Investments	327		(375)	
Sale /(investment) in equity instruments	29,600		-	
Maturity proceeds of/(investments in) fixed deposits	(10,235)		1,392	
Sale/(investment) in mutual funds (net)	(8,738)		3,677	
Receipt on sale of scrap of assets	201		99	
Interest income	1,764		315	
Dividend income	3,099		2,729	

Consolidated Statement of Cash Flow

for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Particulars	For the year ended 31 March 2023		For the year ended 31 March 2022	
Security deposits received/(paid)	4		16	
Income from licensing of properties	2,598		2,602	
Investment in other financial assets	(2,059)		(235)	
(Increase) / Decrease in bank balance other than cash and cash equivalent	69		-	
Purchase of investments	-		(48,504)	
Share issuance cost	-		(11)	
Sale of investment property	-		14	
Investments in Subsidiaries	(7,828)		-	
Net cash flow from / (used in) investing activities		**(36,887)**		**(93,064)**
C. Cash flow from financing activities				
Other borrowing costs	(278)		(1,062)	
Interest paid	(10,530)		(2,390)	
Proceeds from long term borrowings (net)	12,868		30,883	
Proceeds / (Repayment) from short term borrowings	(36,912)		(28,430)	
Proceeds from issue of equity shares	10		7	
Premium on issue of equity shares	134		184	
Payment of Lease liabilities	(265)		(48)	
Dividend paid	(4,726)		(4,704)	
Net cash flow from / (used in) financing activities		**(39,699)**		**(5,560)**
Net increase / (decrease) in cash and cash equivalents (A+B+C)		**(537)**		**(66,965)**
Cash and cash equivalents at the beginning of the year		9,435		4,481
Cash and Cash Equivalents acquired pursuant to business combination		-		71,919
Cash and cash equivalents at the end of the year (Refer Note No.:6)		**8,898**		**9,435**

Notes:

1. The above cash- flow statement has been prepared under the indirect method setout in Indian Accounting Standard (IND AS) -7, 'Statement of Cash Flow' as specified in the Companies (Indian Accounting Standards) Rules, 2015.
2. Direct Tax paid is treated as arising from operating activities and are not bifurcated between investment and financing activities.
3. All figures in brackets indicate outflow.

As per our attached report of even date

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration Number: 105215W/W100057

Parag Pansare
Partner
Membership Number: 117309

Pune: 23 May 2023

For and on behalf of the Board of Directors

Mahesh Chhabria
Managing Director
DIN 00166049

Aditi Chirmule
Executive Director
DIN 01138984

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Chief Financial Officer

Ashwini Mali
Company Secretary
ACS 19944

Pune: 23 May 2023

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 1: Corporate information

Kirloskar Industries Limited ("the Company" / "Holding Company") is a public company incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India, namely the BSE Limited and the National Stock Exchange of India Limited.

The Consolidated Financial Statements comprise the financial statements of the Company and its subsidiaries (together referred to as "the Group"). The Group is engaged in wind-power generation, manufacturing of iron castings, real estate development and manufacturing of seamless tubes, cylinder tubes, components and Engineering steels.

The Consolidated Financial Statements of the Group for the year ended 31 March 2023, were authorised for issue by the Board of Directors on 23 May 2023.

Note 2: Basis of preparation

The Consolidated Financial Statements of the Group have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Section 133 of the Companies Act, 2013 ("the Act") [Companies (Indian Accounting Standards) Rules, 2015], as amended and other relevant provisions of the Act.

The Group has consistently applied accounting policies while preparing these Consolidated Financial Statements.

The Consolidated Financial Statements have been prepared on a historical cost basis, except for the following items, which are measured on an alternative basis on each reporting date.

Items	Measurement basis
Investment in equity instruments	Fair value
Investment in mutual funds and derivative instruments	Fair value
Share-based payment	Fair value
Defined benefit liability/ (assets):	Fair value of plan assets less present value of defined benefit obligation

Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the group. A change in the ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiaries. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

Functional and presentation currency

The items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The consolidated financial statements are presented in Indian rupee (₹) rounded off to nearest lakhs (unless otherwise stated), which is the Group's functional and presentation currency.

Note 3: Significant account judgements, estimates and assumptions

The preparation of the Consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

i. Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Contingent liability

The Group has received various orders and notices from different Government authorities and tax authorities in respect of direct taxes and indirect taxes. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyses current information about these matters and discloses the information relating to contingent liability. In making the decision regarding the need for creating loss provision, management considers the degree of probability of an unfavourable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Group or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

ii. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. For further details about determination of fair value refer note 51.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Site restoration and decommissioning obligation

A provision is recognized when the Group has a present obligation as a result of past event; 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. The Group estimates the liability for decommission and restoration obligation using the best estimates available at each reporting date.

Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity 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. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Deferred tax

Deferred tax assets are recognised for all the deductible temporary differences including carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused losses can be utilised.

Share-Based Payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Estimation and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 4 : Summary of significant accounting policies

The following are the significant accounting policies applied by the Group in preparing its Consolidated Financial Statements:

a) Basis of consolidation

The Consolidated Financial Statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to subsidiaries financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of the subsidiaries used for the purpose of consolidation are drawn up to same reporting date as that of the Holding Company, i.e., year ended on March 31.

In preparing the Consolidated Financial Statements, the Group has used the following key consolidation procedures:

a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Holding Company with those of its subsidiaries. For this purpose, income and expenses of the subsidiaries are based on the amounts of assets and liabilities recognised in the consolidated financial statements at the acquisition date.

b) Offset (eliminate) the carrying amount of the Holding Company's investment in the subsidiaries and the Holding Company's portion of equity of the subsidiaries.

c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group. Profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full. However, intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 – Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

d) Assets and liabilities of subsidiaries of Step-Down Subsidiary with functional currency other than the functional currency of the Group have been translated using exchange rates prevailing on the balance sheet date of Step- Down Subsidiary. Statement of Profit and Loss of such subsidiaries of Step-Down Subsidiary have been translated using weighted average exchange rates.

Name of the Company	Country of incorporation	Parent's ultimate holding as on 31.03.2023	Reporting date	Status
Kirloskar Ferrous Industries Limited	India	50.84%	31.03.2023	Subsidiary
Avante Spaces Limited (Formerly Known as Wellness Space Developers Limited)	India	100%	31.03.2023	Wholly Owned Subsidiary
ISMT Limited (Step Down Subsidiary)	India	51.25% (KFIL's Holding)	31.03.2023	Step-down Subsidiary

b) Foreign currency transactions and balances

Transactions on foreign currency are recorded at exchange rates prevailing at the date of transactions. Exchange differences arising on foreign exchange transaction settled during the year are recognised in the Statement of Profit and Loss of the year.

Monetary assets and liabilities denominated in foreign currencies which are outstanding, as at the reporting period are translated at the closing exchange rate and the resultant exchange differences and recognised in the Statement of Profit and Loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

c) Fair value measurement

The Group measures financial instruments such as investments in equity shares, mutual funds etc. at fair value at each reporting date.

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 market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient information is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **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 consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Quantitative disclosures of fair value measurement hierarchy (refer note 51)
- Financial instruments (including those carried at amortised cost) (refer note 51)

d) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost net of accumulated depreciation and impairment losses, if any.

The cost comprises of the purchase price and directly attributable costs of bringing the asset to its working condition for the intended use. It also includes the initial estimate of the costs of dismantling, removing the item and restoring the site on which it is located, where the Group has such contractual obligation. Any trade discounts and rebates are deducted in arriving at the purchase price. Each part of item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

Capital work-in-progress comprises of the cost of property, plant and equipment that are not yet ready for their intended use as at the balance sheet date.

Real Estate Projects under which tangible assets are not yet ready for their intended use are carried at cost comprising direct cost, related incidental expenses and attributable borrowing costs. Depreciation is not provided on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use.

Borrowing costs attributable to construction or acquisition of a qualifying asset for the period upto the date, the asset is ready for its intended use are included in the cost of the asset to which they relate.

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

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of the property, plant and equipment are recognised in the Statement of Profit and Loss as incurred.

Depreciation and Amortisation

(i) The Group has provided for depreciation using the straight-line method, based on the useful lives specified in Schedule II Part C to the Companies Act, 2013, except in case of the following assets:

Type of assets	Useful lives considered
Plant and Equipment's:	
a) Foundry machineries	20 years
b) Turbo Generator	20 years
c) Plant and Equipment under Lease	5 Years
d) Machinery Spares	2 to 10 years
e) Patterns	8 years
f) Sinter plant	20 years
g) Blast furnace and allied machineries used in manufacture of pig Iron	20 years
Office Equipment's	
a) Equipment installed at employee's residence	3 Years
Vehicles	5 years
Windmills	20 years
Step- Down Subsidiary	
a) Building	45 years
b) Equipment's, Tools, Fixtures and Fittings	3-5 years
c) Plant & Machinery and Equipment	3-30 years
d) Computer Hardware	5 years
e) Computer Software	5 years

(ii) Freehold land is not depreciated.

(iii) Dismantling and restoration costs of Windmills are depreciated over remaining useful life of the windmill.

(iv) Leasehold improvements are amortised under straight line method over the lower of lease term and the useful life of such assets subject to maximum of 60 months.

(v) All items of property, plant and equipment individually costing INR 5,000 or less are fully depreciated in the year of installation.

(vi) Depreciation is recognised in the statement of profit and loss from the month in which the asset is acquired while the depreciation on assets sold during the year is recognised in the statement of profit and loss till the month prior to the month in which the asset is sold.

Disposals/ derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

e) Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Group and the cost of the asset can be measured reliably.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, Intangible assets are carried at cost comprising of the consideration paid for acquisition less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the expenditure is recognised in the statement of profit and loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives i.e. software are amortized on a straight-line basis over the period of expected future benefits i.e. over their estimated useful lives of five to six years. Intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

f) Borrowing costs

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. Borrowing costs also includes exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset, are expensed in the period in which they are incurred.

g) Revenue recognition:

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Group expects to receive in exchange for those products or services.

(i) Income from power generation is recognized on supply of power to the grid and recognised in accordance with the terms and conditions of the contract with the Open Access Consumer.

The unutilised units by the open access consumer are initially recognised at a rate which is estimated on the basis of latest available rates as per MSEDCL circulars/orders. The same are subsequently billed upon determination of the billable rate / units after verification by MSEDCL in accordance with the rules and regulations. The difference between the initial accrual and final billing is adjusted with the revenue of the year in which the billing is done.

(ii) Income from the sale of Renewable Energy Certificates (RECs) is recognised on an accrual basis at the time when the contract to sale is entered.

(iii) Sales of iron castings is recognised when substantial control of the products has been transferred to the customer, being when the products are delivered to the customer or its authorised representative and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Revenue from these sales is recognised based on the price specified in the sales order, net of the estimated discounts, rebates, returns and goods and service tax. The company's obligation to provide a refund for defects in the products is recognised as a provision. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Group does not have any payment terms exceeding one year for any contract. Accordingly, the group does not adjust any of the transaction prices of the time value of money.

(iv) Dividend is recognised as income when right to receive it is established.

(v) Interest on fixed deposits with banks, debentures, bonds etc. is recognised on a time proportion basis taking into account the amount outstanding and rate applicable. In case of significant uncertainty of receiving interest, the same is not recognised though accrued and is recognised only when received.

Interest income from debt instruments is recognised using Effective Interest Rate method (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instruments or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

(vi) Profit/ Loss of the sale /redemption of investments is dealt with at the time of actual sale/redemption.

(vii) Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts and other credits, if any, as specified in the contract with the customer. The Company presents revenue from contracts with customers net of indirect taxes in its statement of profit and loss.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

(viii) Revenue from real estate development of residential or commercial unit is recognised at the point in time, when the control of the asset is transferred to the customer, which generally coincides with either of the two conditions as stated below –

- On transfer of legal title of the residential or commercial unit to the customer; or
- On transfer of physical possession of the residential or commercial unit to the customer.

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Sale of residential and commercial units consists of sale of undivided share of land and constructed area to the customer, which have been identified by the Company as a single performance obligation, as they are highly interrelated with each other. The performance obligation in relation to real estate development is satisfied upon completion of project work and transfer of control of the asset to the customer.

h) Expenditure on Corporate Social Responsibility (CSR Activities)

The expenditure on CSR activities is recognised in the Statement of Profit and Loss upon utilisation by the trust/ NGO to which the funding is made by the Group. The expenditure on CSR activities conducted by the Group is recognised in the Statement of Profit and Loss, on an accrual basis as and when the activities are undertaken.

i) Income taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in OCI or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is recognised in respect of 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 also recognised in respect of carried forward tax losses and tax credits.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable Company and the same taxation authority.

j) Investment property

Investment in land and/or buildings that are not intended to be occupied substantially for use by or in the operations of the Group are classified as investment property.

Investment property is initially measured at cost, including related 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 Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Subsequent to the initial recognition, investment property is stated at cost less accumulated depreciation and accumulated impairment loss, if any. Depreciation on investment property has been provided in a manner that amortise the cost of the assets over their estimated

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useful lives on straight line method as per the useful life prescribed under Schedule II of the Act.

Investment property in the form of land is not depreciated.

Investment property is derecognised either when it is disposed off or permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement profit and loss in the period of derecognition.

k) Goodwill on Consolidation and Capital Reserve:

Goodwill on consolidation represents the excess of cost of acquisition at the time of making the investment in the subsidiary over the Group's share in the net worth of a subsidiary. For this purpose, the Group's share of net worth is determined on the basis of the latest financial statements, prior to the acquisition, after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition. Capital reserve on consolidation represents excess of the Group's share in the net worth of a subsidiary over the cost of acquisition at each point of time of making the investment in the subsidiary.

Goodwill arising on consolidation is not amortised. However, it is tested for impairment annually. In the event of cessation of operations of a subsidiary, the unimpaired goodwill is written off fully.

l) Leases

Group as lessee

The Group's lease asset classes primarily consist of leases for land and buildings. The Group, at the inception of a contract, assesses whether the contract is a lease or otherwise. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after April 1, 2019.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. Such depreciation is recognised in the statement of Profit & Loss except to the extent that it can be allocated to any Property, Plant & Equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. After the commencement date, the lease liability is adjusted by increasing the carrying amount to reflect interest on the lease liability; reducing the carrying amount to reflect the lease payments made; and re-measuring the carrying amount to reflect any reassessment or lease modifications. The lease liability is also re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The interest on the lease liability is recognised in the statement of Profit & Loss except to the extent that it can be allocated to any Property, Plant & Equipment.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets (assets of less than ₹ 5,000 in value). The Group recognises the lease payments associated with these leases as an expense over the lease term.

Group as lessor

Leases in which the Group 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 Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group'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.

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m) Inventories

- Raw materials are valued at lower of cost and net realizable value. Cost of raw material is determined on a weighted average basis.
- Work in process is valued at cost. Finished goods other than by-products are valued at lower of cost and net realisable value. Cost includes cost of raw material, conversion cost and other cost incurred in bringing the inventories to their present location and condition. Cost is arrived at by absorption cost method.
- By-products are valued at net realisable value.
- Renewable Energy Certificates (RECs) are recognized upon application for certification to the respective authorities till such units are sold and valued at lower of cost and net realizable value. Cost comprises of costs incurred for certification of RECs. Net realizable value of RECs is the estimated selling price in the ordinary course of business.
- Necessary provisions are made for obsolete and non-moving inventories as per the policy framed by the management and the value of inventory is net of such provision.
- Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs necessary to make the sale.
- Inventory of Structo Hydraulics AB (subsidiary of ISMT) is valued at the lower of the cost and net realizable value respectively. Thereby risk of obsolescence has been considered. The cost is estimated according to weighted average prices
- Work-in-progress – Real estate projects (including land inventory): Represent cost incurred in respect of unsold area of the real estate development projects/ units or cost incurred on projects where the revenue is yet to be recognised. Real estate work-in-progress is valued at lower of cost and net realisable value.

n) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Group. When 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. In determining fair value less costs to sell, recent market transactions are considered, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses, including impairment on inventories, are recognised in the statement of profit and loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

As 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.

o) Provisions

A provision is recognized when the Group has a present obligation as a result of past event; 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.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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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.

p) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

Contingent assets are not recognised in financial statements. However, contingent assets are disclosed where inflow of economic benefits are probable.

q) Capital Commitments:

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

(i) Estimated number of contracts remaining to be executed on capital account and not provided for; and

(ii) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

r) Retirement and other employee benefits

a) Short term Employee Benefits

The distinction between short term and long-term employee benefits is based on expected timing of settlement rather than the employee's entitlement benefits and is required for the purpose of measurement of the obligations. All employee benefits payable within twelve months of rendering the service are classified as short-term benefits. Such benefits include salaries, bonus, short term compensated absences, awards, etc. and are recognised in the period in which the employee renders the related service, except to the extent that it can be allocated to any Property, Plant & Equipment.

b) Other-employment benefits

(i) Defined contribution plan

The eligible employees of the Group are entitled to receive benefits under the Provident Fund and Superannuation Scheme, which are defined contribution plans. In case of Provident Fund, both the employee and the Group contribute monthly at a stipulated rate to the government provident fund, while in case of superannuation, the Group contributes to Life Insurance Corporation of India at a stipulated rate. The Group has no liability for future Provident Fund or Superannuation benefits other than its annual contributions which are recognised as an expense in the year on an accrual basis.

The Group recognizes contribution payable as an expenditure, when an employee renders the related services. If the contribution payable to the scheme for services received before balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then the excess recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or cash refund.

(ii) Defined benefit plan

The Group operates a defined benefit plan for its employees, viz. gratuity. The present value of the obligation or asset under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

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 a net basis.

The net interest cost is calculated by applying the discount rate to the balance of the net defined benefit obligation. This cost is included in Finance Cost in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity.

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Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(iii) Benefits for long term compensated absences:

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity

s) Share based payments

Eligible employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

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/vesting period. 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.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

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.

The dilutive effect of outstanding options including options in the subsidiaries is reflected as additional share dilution in the computation of diluted earnings per share.

t) 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.

a) Financial assets

Initial recognition and measurement of financial assets

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in the following categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Interest income from these financial assets is included in finance income using the effective interest rate method.

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Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group has made an irrevocable election to present subsequent changes in the fair value in the OCI. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Group transfers the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss at each reporting date.

Dividends from such investments are recognised in profit or loss as other income when the Group's right to receive payments is established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost
- Trade receivables or any contractual right to receive cash or another financial asset

The Group follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables.

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. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

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- All contractual terms of the financial instrument over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost and contractual revenue receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis. The Group does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised initially at fair value net of, in the case of financial liabilities not classified as FVTPL, transaction costs that are attributable to the issue of the financial liability. Financial assets and financial liabilities are recognised in the Balance Sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated as such upon initial recognition. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities designated as such upon initial recognition at the initial date of recognition if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognised in OCI. These gains/ losses are not subsequently transferred to the statement of profit and loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

Financial liabilities at amortised cost

The Group generally classifies interest bearing borrowings as financial liabilities carried at amortised cost. After initial recognition, these instruments are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

De-recognition of financial liability

A financial liability (or a part of a financial liability) is derecognised from the balance sheet when, and only when, it is extinguished i.e., when the obligation specified in the contract is discharged or cancelled or expired.

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 and Loss.

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Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the 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.

c) Contributed equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in other equity as a deduction, net of tax, from the proceeds.

u) Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferral or accruals of past or future cash receipts or payments. The cash flows from regular operating, investing and financing activities of the Group are segregated.

v) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with original maturity of three months or less, which are subject to an insignificant risk of changes in value. In the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered as integral part of the Group's cash management.

w) Dividend

The Group recognises a liability to make cash distributions to the equity holders of the Group when the distribution is authorised, and the distribution is no longer at the discretion of the Group. As per the provisions of the Act, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

x) Earnings per share (EPS)

Basic EPS is calculated by dividing the Group's earnings for the year attributable to ordinary equity shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. The earnings considered in ascertaining the Group's EPS comprise the net profit after tax attributable to equity shareholders. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split (consolidation of shares) other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares including the dilution on account of Stock Options of the subsidiaries.

y) Segment reporting

i) Identification of segment

An operating segment is a component of a company whose operating results are regularly reviewed by the Company's Chief Operating Decision Makers (CODMs) to make decisions about resource allocation and assess its performance and for which discrete financial information is available.

ii) Allocation of income and direct expenses

Income and direct expenses allocable to segments are classified based on items that are individually identifiable to that segment. Common allocable costs are allocated to each segment pro-rata on the basis of revenue of each segment to the total revenue of the Group. The remainder is considered as un-allocable expense.

iii) Segment policies

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the Consolidated Financial Statements of the Group as a whole.

z) Government Grant

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the Statement of Profit and Loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per accounting policy applicable to financial liabilities.

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 5: Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1st, 2023, as below:

1. Ind AS 1 - Presentation of Financial Statements
2. Ind AS 12- Income Taxes
3. Ind AS 34 – Interim Financial Reporting
4. Ind AS 102 – Share base Payments
5. Ind AS 103 -Business Combinations
6. Ind AS 107- Financial Instruments Disclosures
7. Ind AS 109- Financial Instruments
8. Ind AS 115 – Revenue from contactors with customers

The Group is evaluating the impact of these pronouncements on the financial statements.

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 6: Cash and cash equivalents

Particulars	As at 31 March 2023	As at 31 March 2022
Cash on hand	3	3
Balances with banks		
- On current accounts	6,220	3,808
- Fixed deposits having original maturity less than 3 months	2,675	5,624
Total	**8,898**	**9,435**

Note 7: Bank balances other than (6) above

Particulars	As at 31 March 2023	As at 31 March 2022
Earmarked balances		
Unclaimed dividend accounts	610	24,553
Other bank balances		
Margin money deposits	27	2
Deposits with banks	10,670	414
Total	**11,307**	**24,969**

Note 8: Derivative financial instruments

Particulars	As at 31 March 2023	As at 31 March 2022
Derivative assets		
Foreign currency forward contract	-	337
Total	**-**	**337**

Note 9: Receivables

Particulars	As at 31 March 2023	As at 31 March 2022
Trade receivables		
Unsecured		
Undisputed		
- Considered good	85,828	82,560
- Receivables which are credit impaired	536	536
Less : Allowance for bad and doubtful trade receivables	(4,570)	(2,202)
	(4,034)	**(1,666)**
Total	**81,794**	**80,894**
Movement in allowance of bad and doubtful trade receivables		
Balance as at the beginning of the year	2,202	535
Addition on account of business acquisition	-	1,661
Provided during the year	2,364	6
Amount written off	-	-
Amount written back	-	-
Balance as the end of the year	**4,570**	**2,202**

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 9: Receivables (Contd..)

Particulars	As at 31 March 2023	As at 31 March 2022
Ageing schedule of Trade Receivables		
(i) Undisputed Trade Receivables – considered good		
Not Due	70,881	61,494
Less than 6 months	11,803	17,539
6 months - 1 year	500	1,237
1-2 years	1,316	76
2-3 years	17	57
More than 3 years	1,311	1,347
	85,828	**81,750**
(ii) Disputed Trade Receivables – which are credit impaired		
Less than 6 months	-	-
6 months - 1 year	-	-
1-2 years	-	22
2-3 years	22	8
More than 3 years	514	506
	536	**536**
(iii) Unbilled dues	**-**	**810**
Less: Provision for doubtful receivables	(4,570)	(2,202)
Total	**81,794**	**80,894**

Note 10: Investments

Particulars	Face Value (₹)	As at 31 March 2023 Nos.	As at 31 March 2023 ₹ in Lakhs	As at 31 March 2022 Nos.	As at 31 March 2022 ₹ in Lakhs
(A) Measured at fair value through other comprehensive income					
(i) (Quoted equity instruments, fully paid)					
Kirloskar Pneumatic Company Limited	2	64,22,990	35,985	64,22,990	26,212
Swaraj Engines Limited	10	-	-	21,14,349	27,642
Kirloskar Brothers Limited	2	1,89,88,038	77,898	1,89,88,038	53,746
Kirloskar Oil Engines Limited	2	82,10,439	32,521	82,10,439	10,834
Cummins India Limited	2	683	11	683	7
			1,46,415		**1,18,441**
(ii) (Unquoted equity instruments, fully paid)					
S. L. Kirloskar CSR Foundation	10	19,600	1	19,600	1
Kirloskar Management Services Private Limited	10	6,62,500	139	6,62,500	583
Kirloskar Proprietary Limited	100	1	-	1	-
The Mysore Kirloskar Limited (In liquidation)	10	1,13,460	27	1,13,460	27
Less: Provision for impairment loss			(27)		(27)
			-		-
			140		584
Sub-total (A)			**1,46,555**		**1,19,025**
(B) Measured at amortised cost					
(Unquoted debentures and bonds)					
The Mysore Kirloskar Limited (In liquidation)					
12.5% Secured Non Convertible Part "B" debentures of ₹ 44/- each	100	30,000	13	30,000	13
Less: Provision for impairment loss			(13)		(13)
Sub-total (B)			**-**		-

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 10: Investments (Contd..)

Particulars	Face Value (₹)	As at 31 March 2023 Nos.	As at 31 March 2023 ₹ in Lakhs	As at 31 March 2022 Nos.	As at 31 March 2022 ₹ in Lakhs
(C) Measured at fair value through profit and loss					
Investments in liquid mutual funds					
Axis Money Market Fund - Direct - Growth		-	2,783	-	-
Tata Money Market Fund - Direct (G)		-	2,100	-	-
Nippon India Money Market Fund - Direct (G)		-	956	-	-
HSBC Liquid Fund - Direct (G)		-	150	-	-
Aditya Birla Sun Life Money Manager Fund – Direct – Growth		-	4,983	-	-
Sub-total (C)			**10,972**	-	**-**
Total (A + B + C)			**1,57,527**	**-**	**1,19,025**
Aggregate amount of quoted investments- Cost			60,406		51,459
Aggregate amount of quoted investments- Market Value			1,57,387		1,18,441
Aggregate amount of unquoted investments			180		624
Aggregate provision in diminution in value of investments			40		40

Note 11: Other financial assets

Particulars	As at 31 March 2023	As at 31 March 2022
Measured at amortised cost		
(Unsecured considered good, unless otherwise stated)		
Contract assets (unbilled receivables)	38	16
Unsecured, credit impaired	-	-
Less: Allowance for impairment loss	-	-
	38	**16**
Security deposits	3,793	3,269
Loan to employees	151	141
Loan to contractors	135	84
Other receivables	2	-
Other advances	-	-
Unsecured, credit impaired	386	386
Less: Allowance for impairment loss	(386)	(386)
	-	**-**
Total	**4,119**	**3,510**

Note 12: Inventories

Particulars	As at 31 March 2023	As at 31 March 2022
Raw material at site	34,585	26,568
Raw material in transit	24,487	27,881
Work-in-progress *	24,029	16,737
Finished goods **	9,073	10,780
Finished goods in transit **	3,270	1,218

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 12: Inventories (Contd..)

Particulars	As at 31 March 2023	As at 31 March 2022
Stores and spares	17,477	15,674
Stores and spares in transit	389	175
By-products	142	188
Renewable Energy Certificates (RECs) and RECs under certification	1	1
[Total REC units 8,226 (Previous Year: 8,138); of which certified units are 3,872 and 4,354 units are under certification]		
Total	**1,13,453**	**99,222**
***Details of Work-in-progress**		
a. Castings	3,845	4,507
b. Tube	9,348	10,322
c. Steel	3,457	779
d. Others	7,379	1,129
Total	**24,029**	**16,737**
****Details of Finished Goods and Finished Goods in transit**		
a. Castings	1,303	1,334
b. Pig iron	1,702	367
c. Tube	7,904	7,054
d. Steel	1,434	3,243
Total	**12,343**	**11,998**

Note 13: Current tax assets (net)

Particulars	As at 31 March 2023	As at 31 March 2022
Advance Income Tax	3,646	2,297
(Net of provision for Income Tax)		
Total	**3,646**	**2,297**

Note 14: Investment property

Particulars	As at 31 March 2023	As at 31 March 2022
Land (at cost) **		
Balance as at the beginning of the year	11	12
Add: Additions during the year	-	-
Less: Transferred to property, plant and equipment	-	1
Balance as at the end of the year (i)	**11**	**11**
Building (at cost less depreciation)		
(a) Gross block		
Balance as at the beginning of the year	2,707	2,669
Add: Additions during the year	-	38
Less: Sold during the year	-	-
Less: Transferred to property, plant and equipment	-	-
Balance as at the end of the year	**2,707**	**2,707**

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 14: Investment property (Contd..)

Particulars	As at 31 March 2023	As at 31 March 2022
(b) Accumulated depreciation		
Balance as at the beginning of the year	958	881
Add: Depreciation for the year	70	77
Less: On disposals	-	-
Less: Transferred to property, plant and equipment	-	-
Balance as at the end of the year	**1,028**	**958**
Net Block of building (ii) =(a) - (b)	**1,679**	**1,749**
Total investment property (i)+(ii)	**1,690**	**1,760**
Movement in fair value of investment properties		
Fair value of assets as at the beginning of the year	48,356	40,060
Fair valuation pertaining to property transferred to property, plant and equipment during the year	-	-
Change in fair value of other properties	(9,071)	8,296
Fair value of assets as at the end of the year	**39,285**	**48,356**

Fair valuation methodology

The fair values of investment properties have been determined on the basis of valuation carried out by an independent valuer on a case to case basis. Valuation is based on government rates, market research, market trend and comparable values as considered appropriate.

Amount recognised in Statement of Profit and Loss relating to investment properties

Particulars	For year ended 31 March 2023	For year ended 31 March 2022
Rental income from investment properties	2,719	2,708
Expenses arising from investment properties that generated rental income during the year	404	410
Profit from renting of investment properties	**2,315**	**2,298**

** Title deeds held in the name of the Company.

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 march 2023 (Amounts in Indian Rupees lakhs, unless otherwise stated)

Note 15: Property, plant and equipment and Intangible assets

Particulars	Tangible assets (A)															Intangible assets (B)			
	Freehold land	Leasehold land **	Building		Plant and equipment														
			Owned	Right of Use of assets	Plant and equipments	windmill generator	Plant and equipments under lease	Right of Use of assets	Furniture and fixtures	Vehicles	Office equipments	Computers and peripherals	Electrical installations	Leasehold improvement	Total of (A)	Mining rights	Computer software	Trademark	Total (B)
Gross Block																			
Balance as at 1 April 2021	**1,921**	**636**	**27,421**	**115**	**1,31,586**	**2,714**	**7**	**-**	**513**	**950**	**859**	**489**	**63**	**80**	**1,67,354**	**11**	**1,182**	**-**	**1,193**
- Additions	153	-	3,774	1	19,594	-	-	-	49	442	112	89	-	-	24,214	-	86	-	86
- Additions due to business combination	28,688	24,016	20,538	251	2,03,446	-		820	491	114	1,400	-	-	-	2,79,764			-	-
- (Disposals)	**-**	**-**	**(97)**	**(199)**	**(2,701)**	**-**	**-**	**(1)**	**(4)**	**(293)**	**(32)**	**(43)**	**(1)**	**-**	**(3,371)**	**-**	**-**	**-**	**-**
- Foreign currency translation reserve			77		(201)										(124)				-
- Adjustments	-	-	-	-	-	-	-	-	-	-	-	-		-		-	-	-	-
Balance as at 31 March 2022	**30,762**	**24,652**	**51,713**	**168**	**3,51,724**	**2,714**	**7**	**819**	**1,049**	**1,213**	**2,339**	**535**	**62**	**80**	**4,67,837**	**11**	**1,268**	**-**	**1,279**
- Additions	3,986	-	3,817	532	47,184	-	-	-	71	351	284	99	-	-	56,324	-	214	36	250
- Additions due to business combination	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- (Disposals)	(855)	-	(700)	-	(12,990)	-	-	-	(22)	(100)	(15)	(8)	-	-	(14,690)	-	-	-	-
- Foreign currency translation reserve	-	-	(66)		(193)		-	-	-	-	-	-	-	-	(259)	-	-	-	-
- Adjustments	442	(442)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2023	**34,335**	**24,210**	**54,764**	**700**	**3,85,725**	**2,714**	**7**	**819**	**1,098**	**1,464**	**2,608**	**626**	**62**	**80**	**5,09,212**	**11**	**1,482**	**36**	**1,529**
Accumulated Depreciation																			
Balance as at 1 April 2021	**-**	**-**	**9,421**	**26**	**49,898**	**2,399**	**3**	**-**	**286**	**573**	**620**	**352**	**19**	**18**	**63,615**	**11**	**996**	**-**	**1,007**
- Depreciation charge for the year	-	23	1,105	33	7,784	55	-	5	42	160	94	72	6	17	9,396	-	78	-	78
- Additions due to business combination		2,411	8,941	197	1,08,070	-		280	469	83	1,306	-	-	-	1,21,757			-	
- (Disposals)	-	-	(18)	(185)	(2,567)	-	-	(1)	(2)	(261)	(24)	(43)	-	-	(3,101)	-	-	-	-
- Foreign currency translation reserve			43	-	(245)	-	-	-	-	-	-	-	-	-	(202)			-	
- Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2022	**-**	**2,434**	**19,492**	**71**	**1,62,940**	**2,454**	**3**	**284**	**795**	**555**	**1,996**	**381**	**25**	**35**	**1,91,465**	**11**	**1,074**	**-**	**1,085**
- Depreciation charge for the year	-	356	2,083	145	14,207	55	1	116	51	199	140	76	5	14	17,448	-	67	-	67
- Additions due to business combination	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- (Disposals)	-	-	(502)	-	(7,717)	-	-	-	(20)	(90)	(13)	(8)	-	-	(8,350)	-	-	-	-
- Foreign currency translation reserve	-	-	(39)	-	(160)	-	-	-	-	-	-	-	-	-	(199)	-	-	-	-
- Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2023	-	2,790	21,034	216	1,69,270	2,509	4	400	826	664	2,123	449	30	49	2,00,364	11	1,141	-	1,152
Impairment															-				-
Balance as at 31 March 2022	**-**	**23**	**-**	**-**	**336**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**359**	**-**	**-**	**-**	**-**
impairment during the period	-	(23)	-	-	(336)	-	-	-	-	-	-	-	-	-	(359)	-	-	-	-
Balance as at 31 March 2023	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Block																			
Balance as at 31 March 2022	30,762	22,195	32,221	97	1,88,448	260	4	535	254	658	343	154	37	45	2,76,013	-	194	-	194
Balance as at 31 March 2023	**34,335**	**21,420**	**33,730**	**484**	**2,16,455**	**205**	**3**	**419**	**272**	**800**	**485**	**177**	**32**	**31**	**3,08,848**	**-**	**341**	**36**	**377**

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 16: Capital work-in-progress

Particulars	As at 31 March 2023	As at 31 March 2022
Balance as at the beginning of the year	39,771	22,958
Additions during the year	7,772	40,205
Additions due to business combination at cost	-	464
Disposal during the year	(8,793)	(23,828)
Capitalised during the year	-	(28)
Balance as at the end of the year	**38,750**	**39,771**
Ageing schedule of capital work- in-progress		
Less than 1 year	16,263	30,358
1-2 years	13,789	8,210
2-3 years	8,111	481
more than 3 years	587	722
Total	**38,750**	**39,771**

Note 17: Intangible assets under development

Particulars	As at 31 March 2023	As at 31 March 2022
Balance as at the beginning of the year		
Additions during the year	36	1,356
Disposal during the year	3,516	740
Capitalised during the year	-	(80)
Balance as at the end of the year	(36)	(5)
	3,516	**2,011**
Ageing schedule of Intagible assets under development		
Less than 1 year	1,478	546
1-2 years	579	859
2-3 years	853	64
more than 3 years	606	542
Total	**3,516**	**2,011**

Note 18: Other non-financial assets

Particulars	As at 31 March 2023	As at 31 March 2022
(Unsecured considered good, unless otherwise stated)		
Capital advances	4,625	9,462
Advance to suppliers	9,117	5,577
Prepaid expenses	1,162	988
Export incentives	-	-
Claims receivable and Other Refunds	54	29
Unsecured, credit impaired	44	44
Less : Allowance for impairment	(44)	(44)
	-	-
Balances with government authorities	3,458	2,194
Others	981	903
Total	**19,397**	**19,153**

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 19: Derivative financial instruments

Particulars	As at 31 March 2023	As at 31 March 2022
Derivative liabilities		
Foreign currency forward contract	148	-
Total	**148**	**-**

Note 20: Trade payables

Particulars	As at 31 March 2023	As at 31 March 2022
Trade payables		
(i) Due to micro,small and medium enterprises	3,367	3,303
Total (i)	**3,367**	**3,303**
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		
Acceptances	64,761	67,933
Others	35,935	36,009
Total (ii)	**1,00,696**	**1,03,942**
Ageing schedule of Trade payables		
(i) MSME		
Not Due	2,747	2,373
Less than 1 year	620	886
1-2 years	-	40
2-3 years	-	4
More than 3 years	-	-
	3,367	**3,303**
(ii) Others		
Unbilled	11,839	5,788
Not Due	80,703	82,030
Less than 1 year	7,618	15,498
1-2 years	167	285
2-3 years	166	85
More than 3 years	172	224
	1,00,664	**1,03,910**
(ii) Disputed dues - Others		
Not Due	-	-
Less than 1 year	-	-
1-2 years	-	-
2-3 years	-	-
More than 3 years	32	32
	32	**32**
	1,04,063	**1,07,245**

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 21: Borrowings (other than debt securities)

Particulars	As at 31 March 2023	As at 31 March 2022
Measured at amortised cost		
From Bank		
Short term borrowings		
Secured		
- Term loans	12,412	4,401
- Cash credit	1,165	-
- Non Convertible Debenture	12,500	25,000
Unsecured		
- Working capital facility	-	-
- Term loans	4,500	4,450
- Commerical Paper	7,231	53,043
- Vendor bill discount	6,078	6,206
- Others	575	775
- Association	-	-
Long term borrowings		
- Term Loan	51,927	26,559
Total	**96,388**	**1,20,434**

Security for Secured Loans :

Working capital facilities with Consortium Banks (fund based and non fund based) aggregating to ₹ 45,000 Lakhs (Previous Year ₹ 45,000 Lakhs) are secured by first charge by way of hypothecation on the current assets both present and future, in favour of IDBI Trusteeship Services Limited, as Security Trustees, for the benefit of consortium banks.

Commercial Papers :

During FY 2022-23, Commercial Papers of ₹ 7500 Lakhs issued at a discounted rate of 7.85% on 16th March 2023 payable on 12th Sep 2023.

During FY 2021-22, Following Commercial Papers have been issued on 8th March 2022 :

a. ₹ 33,375 Lakhs issued at a discounted rate of 4.50% p.a. payable on 6th June 2022

b. ₹ 10,095 Lakhs issued at a discounted rate of 4.50% p.a. payable on 27th May 2022

c. ₹ 10,450 Lakhs issued at a discounted rate of 5.75% p.a payable on 8th March 2023

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 21: Borrowings (other than debt securities) (Contd..)

Reconciliation of Quarterly returns filled with Banks for ISMT Ltd. (Subsidiary) :

Name of Bank	Aggregate working capital limits sanctioned (₹ Lakhs)	Nature of Current Asset offered as. Security	Quarter ended	Amount disclosed as per quarterly return statement (₹ Lakhs)	Amount as per books account (₹ Lakhs)	Difference (₹ Lakhs)	Reasons for difference
Axis Bank	17,500	Refer note below	30-Sep-22	56,290.79	56,329.07	-38.28	Inventory of CPP of ₹ 38.28 lakhs is not considered while making submission of return to bank
ICICI Bank	21,000	Refer note below	30-Sep-22	56,290.79	56,329.07	-38.28	Inventory of CPP of ₹ 38.28 lakhs is not considered while making submission of return to bank
Axis Bank	17,500	Refer note below	31-Dec-22	46,336.41	46,374.82	-38.41	Inventory of CPP of ₹ 38.41 lakhs is not considered while making submission of return to bank
ICICI Bank	21,000	Refer note below	31-Dec-22	46,336.41	46,374.82	-38.41	Inventory of CPP of ₹ 38.41 lakhs is not considered while making submission of return to bank
Kotak Mahindra Bank	14,500	Refer note below	31-Dec-22	48,127.91	48,166.32	-38.41	Inventory of CPP of ₹ 38.41 lakhs is not considered while making submission of return to bank
Axis Bank	17,500	Refer note below	31-Mar-23				
ICICI Bank	21,000	Refer note below	31-Mar-23	The company has not yet submitted quarterly retum for quarter IV.			
Kotak Mahindra Bank	14,500	Refer note below	31-Mar-23				

The current assets and receivables have been hereby hypothicated as and by way of first charge and shall rank pari-pasu with charge created.

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 21: Borrowings (other than debt securities) (Contd..)

Registration of charges or satisfaction with ROC :

There are no charge modification / satisfaction of charge in the FY 2022-23.

Details of unsecured term loan from banks

Name of bank	Loan availed	Interest rate per annum payable monthly	Tenure	Principal Repayment
The Hongkong and Shanghai Banking Corporation Limited (HSBC)	7,000	8.80%	60 months	Repayment in 51 monthly installments (ie. 50 installment of ₹ 138 Lakhs and last installment will be of ₹ 100 Lakhs). Put and call option at the end of every 12 months from the date of first draw down of the facility i.e. 26th April, 2019.
Kotak Mahindra Bank Ltd.	3,000	7.65%	60 months	Repayment in 51 monthly installments of ₹ 59 Lakhs. Put and call option at the end of every 12 months from the date of first draw down of the facility i.e. 05th November, 2019.
Kotak Mahindra Bank Ltd.	4,000	7.65%	60 months	Repayment in 51 monthly installments of ₹ 78 Lakhs. Put and call option at the end of every 12 months from the date of first draw down of the facility i.e. 05th November, 2019.
Kotak Mahindra Bank Ltd.	5,000	7.90%	36 months	Repayment in 30 monthly installments of ₹ 167 Lakhs. Put and call option at the end of every 12 months from the date of first draw down of the facility i.e. 29th October, 2020.
Kotak Mahindra Bank Ltd.	6,000	7.80%	48 months	Repayment in 39 monthly equall installments of ₹ 153 Lakhs. Put and call option at the end of every 12 months from the date of first draw down of the facility i.e. 1st July 2021.
Kotak Mahindra Bank Ltd.	4,000	8.10%	48 months	Repayment in 31 monthly equall installments of ₹ 129 Lakhs. Put and call option at the end of every 12 months from the date of first draw down of the facility i.e. 1st July 2021.
Kotak Mahindra Bank Ltd.	15,000	7.75%	48 months	Repayment in 36 monthly equall installments of ₹ 417 Lakhs. Put and call option at the end of every 12 months from the date of first draw down of the facility i.e. 31st December 2021.
Axis Bank Ltd.	12,500	7.85%	48 months	Repayment in 42 monthly equall installments of ₹ 298 Lakhs. Put and call option at the end of every 12 months from the date of first draw down of the facility i.e. 28th February 2023.
Non-Convertible Debentures - Rated, Listed, Unsecured and redeemable	12,500	6.65%	24 months	Payable on 10th March 2024. Interest is payable on annual basis.
Non-Convertible Debentures - Rated, Listed, Unsecured and redeemable	12,500	6.65%	36 months	Payable on 10th March 2025. Put and call option at the end of 24 months. Interest is payable on annual basis.

The amount repayable within 12 months from the reporting date, i.e. ₹ 27,448 Lakhs (PY ₹ 6,861 Lakhs).

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 21: Borrowings (other than debt securities) (Contd..)

Particulars	As at 31 March 2023	As at 31 March 2022
Net debt position		
Cash and Bank Balance		
Cash and cash equivalents	8,898	9,435
Borrowings	(96,388)	(1,20,434)
Net debt	**(87,490)**	**(1,10,999)**

Net Debt Reconciliation

	Cash and bank balance	Borrowings	Total
Net debt as at 1 April 2021	**4,481**	**(29,177)**	**(24,696)**
Cash flows	(66,965)	-	(66,965)
On account of acquisition of step down subsidiary	71,919	(84,483)	(12,564)
Interest accrued but not due as on 1 April 2021	-	2	2
Interest accrued but not due as on 31 March 2022	-	(101)	(101)
Interest expense	-	2,609	2,609
Interest paid	-	(2,510)	(2,510)
(Borrowings) / Repayment (net)- short term	-	24,109	24,109
(Borrowings) / Repayment (net)- long term	-	(30,883)	(30,883)
Net debt as at 31 March 2022	**9,435**	**(1,20,434)**	**(1,10,999)**
Cash flows	(537)	-	(537)
On account of acquisition of step down subsidiary		-	-
Foreign exchange adjustment	-	-	-
Interest accrued but not due as on 1 April 2022	-	101	101
Interest accrued but not due as on 31 March 2023	-	(103)	(103)
Interest expense	-	8,925	8,925
Interest paid	-	(8,921)	(8,921)
(Borrowings) / Repayment (net)- short term	-	36,912	36,912
(Borrowings) / Repayment (net)- long term	-	(12,868)	(12,868)
Net debt as at 31 March 2023	**8,898**	**(96,388)**	**(87,490)**

Note 22: Deposits

Particulars	As at 31 March 2023	As at 31 March 2022
Measured at amortised cost		
Others		
Secured deposits	1,533	1,198
Total	**1,533**	**1,198**

Note 23: Other financial liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Measured at amortised cost		
Investors education and protection fund will be credited by the following amounts, as and when due:		
- Unclaimed equity dividend*	610	581
Creditors for capital goods	6,431	3,890

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 23: Other financial liabilities (Contd..)

Particulars	As at 31 March 2023	As at 31 March 2022
Employee benefits	5,531	4,624
Expenses and other payable	1,492	2,178
Commission payable to directors	94	50
Gratuity to be funded to LIC	-	-
Lease liability	771	425
Other liability	1,058	881
Total	**15,987**	**12,629**

*Unclaimed equity dividend includes ₹ 0.12 Lakhs (Previous Year: ₹ 0.12 Lakhs) ; on 31 shares in abeyance on the directions of Special Court which will not be transferred to Investors Education and Protection Fund.

Note 24: Provisions

Particulars	As at 31 March 2023	As at 31 March 2022
Gratuity	462	898
Compensated absences	2,230	2,202
Decommissioning and restoration (Refer Note No. 48)	245	226
Expected sales return	151	129
Total	**3,088**	**3,455**

Note 25: Deferred tax assets/ liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
(Refer Note No. 43)		
Deferred Tax Asset	-	-
Deferred tax liability	24,869	19,776
Total	**24,869**	**19,776**

Note 26: Other non-financial liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Statutory dues payable	2,403	1,542
Advances from customers	10,139	4,221
Other liability	-	-
License fees received in advance	160	273
Total	**12,702**	**6,036**

Note 27: Equity share capital

(a) Authorised, issued, subscribed and paid-up share capital and par value per share:

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number	₹ in Lakhs	Number	₹ in Lakhs
AUTHORISED				
Equity Shares of ₹ 10/- each	5,00,00,000	5,000	5,00,00,000	5,000
ISSUED AND SUBSCRIBED				
Equity Shares of ₹ 10/- each	98,83,931	988	97,80,262	978

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 27: Equity share capital (Contd..)

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number	₹ in Lakhs	Number	₹ in Lakhs
CALLED UP AND PAID UP				
Equity Shares of ₹ 10/- each fully paid up	98,83,900	988	97,80,231	978
SHARE CAPITAL SUSPENSE ACCOUNT*				
Equity Shares of ₹ 10/- each fully paid up	31	-	31	-
Total	**98,83,931**	**988**	**97,80,262**	**978**

*31 (Previous Year: 31) Equity Shares of ₹ 10/- each aggregating to ₹ 310/- to be issued to shareholders of erstwhile Shivaji Works Limited on amalgamation as per scheme sanctioned by Board for Industrial and Financial Reconstruction, are kept in abeyance on the directions of Special Court.

(b) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year:

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number	₹ in Lakhs	Number	₹ in Lakhs
Shares outstanding at the beginning of the year	97,80,262	978	97,08,650	971
Add: Issue of equity shares under ESAR scheme	1,03,669	10	71,612	7
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	**98,83,931**	**988**	**97,80,262**	**978**

(c) Equity shares in the Company held by each shareholder holding more than 5% shares:

Name of Shareholder	As at 31 March 2023		As at 31 March 2022	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Atul Chandrakant Kirloskar #	12,83,562	12.99%	12,83,562	13.12%
Rahul Chandrakant Kirloskar # #	16,21,688	16.41%	16,21,688	16.58%
Jyotsna Gautam Kulkarni	11,78,592	11.92%	11,78,592	12.05%
Alpana Rahul Kirloskar	7,09,648	7.18%	7,09,648	7.26%
Nihal Gautam Kulkarni	5,89,296	5.96%	5,89,296	6.03%
Ambar Gautam Kulkarni	5,89,296	5.96%	5,89,296	6.03%
Gauri Atul Kirloskar	5,27,608	5.34%	5,27,608	5.39%

Out of these, 12,83,537 (Previous Year: 12,83,537) equity shares are held in the individual capacity and 25 (Previous Year: 25) equity shares held as a Trustee of C.S. Kirloskar Testamentary Trust.

Out of these, 16,21,459 (Previous Year: 16,21,459) equity shares are held in the individual capacity and 229 (Previous Year: 229) equity shares held as a Trustee of C.S. Kirloskar Testamentary Trust.

(d) Details of allotment of shares for consideration other than cash, allotments of bonus shares and shares bought back:

Particulars	Financial year (Aggregate no. of shares)				
	2022-23	2021-22	2020-21	2019-20	2018-19
Equity Shares :					
Fully paid up by way of bonus shares	-	-	-	-	-
Allotted pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Shares bought back	-	-	-	-	-

(e) Each holder of equity share is entitled to one vote per share and to receive interim/ final dividend as and when declared by the Board of Directors/ at the Annual General Meeting. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive any of the 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.

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 27: Equity share capital (Contd..)

(f) Details of shareholding pattern of Promoters:

Promoter Name	As at 31 March 2023			As at 31 March 2022		
	No. of Shares held	% of Holding	% Change during the year	No. of Shares held	% of Holding	% Change during the year
Individuals / Hindu Undivided Family						
Atul Chandrakant Kirloskar	12,83,537	12.99	(0.13)	12,83,537	13.12	(0.10)
Atul Chandrakant Kirloskar as a Trustee of C S Kirloskar Testamentary Trust	25	-	-	25	-	-
Rahul Chandrakant Kirloskar	16,21,459	16.41	(0.17)	16,21,459	16.58	(0.12)
Rahul Chandrakant Kirloskar as a Trustee of C S Kirloskar Testamentary Trust	229	-	-	229	-	-
Sanjay Chandrakant Kirloskar as a Trustee of Kirloskar Brothers Limited Employees Welfare Trust Scheme	2,362	0.03	-	2,362	0.03	-
Sanjay Chandrakant Kirloskar	250	-	-	250	-	-
Sanjay Chandrakant Kirloskar as a Karta of Sanjay Kirloskar HUF	14	-	-	14	-	-
Kirloskar Vikram Shreekant as a trustee of Ruplekha Life Interest Trust	-	-	(0.05)	4,380	0.05	-
Kirloskar Vikram Shreekant	-	-	-	252	-	-
Jyotsna Gautam Kulkarni	11,78,592	11.92	(0.13)	11,78,592	12.05	(0.09)
Geetajali Vikram Kirloskar	-	-	-	2	-	-
Mrinalini Shreekant Kirloskar	3,731	0.04	-	3,731	0.04	-
Mrinalini Shreekant Kirloskar as a Karta of Shreekant S. Kirloskar HUF	2,125	0.02	-	2,125	0.02	-
Suman Chandrakant Kirloskar	5	-	-	5	-	-
Suman Chandrakant Kirloskar as a Karta of C. S. Kirloskar HUF	2,125	0.02	-	2,125	0.02	-
Suman Chandrakant Kirloskar as a Karta of as a Trustee Vijay Durga Devi Trust	-	-	(0.02)	1,428	0.02	-
Roopa Jayant Gupta	1,392	0.01	-	1,392	0.01	-
Arti Atul Kirloskar	3,57,909	3.62	(0.04)	3,57,909	3.66	(0.03)
Alpana Rahul Kirloskar	7,09,648	7.18	(0.08)	7,09,648	7.26	(0.05)
Nihal Gautam Kulkarni	5,89,296	5.96	(0.07)	5,89,296	6.03	(0.04)
Ambar Gautam Kulkarni	5,89,296	5.96	(0.07)	5,89,296	6.03	(0.04)
Aditi Atul Kirloskar	1,75,869	1.78	(0.02)	1,75,869	1.80	(0.01)
Gauri Atul Kirloskar	5,27,608	5.34	(0.05)	5,27,608	5.39	(0.04)
Total	**70,45,472**	**71.28**		**70,51,534**	**72.10**	
Corporate Bodies						
Kirloskar Pneumatic Co. Ltd.	200	-	-	200	-	-
Navsai Investments Private Limited	3,004	0.03	0.03	100	-	-
Alpak Investments Private Limited	3,004	0.03	0.03	100	-	-
Achyut and Neeta Holdings and Finance Private Limited	100	-	-	100	-	-
Kirloskar Chillers Private Limited	46,144	0.47	(0.01)	46,144	0.48	-
Total	**52,452**	**0.53**		**46,644**	**0.48**	
Grand Total	**70,97,924**	**71.81**		**70,98,178**	**72.58**	

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 28: Other equity

Particulars	As at 31 March 2023	As at 31 March 2022
(a) Securities Premium		
Balance as at the beginning of the year	692	-
Add: Transfer from share option outstanding account *	818	692
Balance as at the end of the year	**1,510**	**692**
(b) General reserve :		
Balance as at the beginning of the year	34,669	34,414
Add: Transfer from surplus of profit and loss	254	255
Add: Transfer from share options outstanding account *	-	-
Balance as at the end of the year	**34,923**	**34,669**
(c) Capital reserve:		
Balance as at the beginning of the year	29,153	4,284
Add : Increase / (decrease) during the year	-	24,869
Balance as at the end of the year	**29,153**	**29,153**
(d) Share options outstanding account :		
Balance as at the beginning of the year	2,251	2,741
Add : Stock options expense	768	248
Less: Transfer to securities premium *	(49)	(692)
Less : Adjustment on lapse of unvested share options	-	(46)
Less : Transfer from share options outstanding account *	(818)	-
Balance as at the end of the year	**2,152**	**2,251**
(e) Equity instruments through other comprehensive income :		
Balance as at the beginning of the year	66,369	51,566
Measurement of investments at FVTOCI (net of taxes)	50,798	14,803
Less: Transferred to statement of profit and loss on account of sale of shares of Swaraj Engines Limited	(29,566)	-
Balance as at the end of the year	**87,601**	**66,369**
(f) Surplus/ (Deficit) in the Statement of Profit and Loss :		
Balance as at the beginning of the year	98,740	80,602
Add/(Less): Net Profit transferred from the Statement of Profit and Loss	22,431	19,360
Add/(Less): Remeasurement of defined benefit plans (net of taxes)	26	14
Add/(Less) : Increase on exercise of ESOPs of subsidiary	109	158
Add/(Less): Transfer from Other Comprehensive Income on account of sale of shares of Swaraj Engines Limited	29,566	-
Add/(Less): Opening adjustment relating to Leases	-	2
Add/(Less): Reduction in non controlling interest due to acquisition of equity shares in step-down subsidiary	1,406	-
Add/(Less) :Foreign Currency Translation Reserve	31	(3)
Add/(Less): Transferred to non controlling interest due to variations in holding of shares in subsidiary	(136)	(159)
Add/(Less): Share issue cost for Wholly Owned Subsidiary	-	(11)
Add/(Less): Share application money received	(4)	3
Amount available for appropriation	**1,52,169**	**99,966**
Less: Appropriations:		
Transfer to general reserve	254	255
Final Dividend F.Y. 2021-22 (F.Y.2020-21)	981	971
Net surplus in the Statement of Profit and Loss	**1,50,934**	**98,740**
Total	**3,06,273**	**2,31,874**

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 28: Other equity (Contd..)

Notes:

1) Security Premium:

The amount in the Security premium account represents the additional amount paid by the shareholders for the issued shares in excess of the face value of equity shares

2) General reserve:

General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payout, bonus issue, etc

3) Share options outstanding account:

The share option outstanding account is used to recognise the fair value of options to the employees of the group under the employee stock option plans of the group which are unvested or unexercised as on the reporting date (Refer Note No 46)

4) Equity instruments through other comprehensive income:

This reserve represents the cumulative gains and losses arrising on the fair valuation of equity instruments measured through other comprehensive income, net of amounts reclassified to retained earnings when these equity instruments are disposed off.

5) Surplus/(Deficit) in the Statement of Profit and Loss:

This comprise of the undistributed profit after taxes.

Note: 28A

As the Company changed from ESOP policy to ESAR policy, an amount of ₹ 921 lakhs was transferred from the share options outstanding account to general reserve in its financial statements for the year ended year 31 March 2022. However, the said amount should have been transferred to Securities premium account to comply with the provisions of Ind AS 102. As a consequence, the balance in the general reserve has been overstated and the balance in share options outstanding account and securities premium was understated. These line items have been restated in the financial statement in the comparative period as below:

Particulars	As at 31 March 2022
General reserves	(921)
Securities premium	432
Share options outstanding	489

Note 29: Interest Income

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
- On financial assets measured at amortised cost		
- Interest on deposits with banks	418	117
- Interest on other financial assets	483	175
- Other interest	54	-
Total	**955**	**292**

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 30: Net gain on fair value changes

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
- On financial instruments measured at fair value through profit and loss		
Investments in mutual funds		
Unrealised	224	-
Realised	245	87
Total	**469**	**87**

Note 31: Revenue from sale of products

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Sale of products		
Pig Iron	2,06,276	2,18,226
Castings	1,67,326	1,28,963
By-products	7,607	6,912
Tube	1,99,612	12,307
Steel	55,607	2,748
Sale of wind power	252	232
Sale of renewable energy credit	82	88
Total (a)	**6,36,762**	**3,69,476**
Other operating income		
Export incentive	410	178
Scrap / Coke/ Miscellaneous sales (b)	4,907	5,495
Total (b)	**5,317**	**5,673**
Total (a)+ (b)	**6,42,079**	**3,75,149**

Note 32: Other Income

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Property licensing fees	2,697	2,700
Incentive From Industrial Promotion Scheme	2,644	19
Gain on Sale of Fixed Assets	656	514
Sale of Scrap	-	99
Insurance claim received	65	1
Sundry credit balances approriated	1	14
Provisions no longer required written back	105	300
Rental Income and equipment leasing charges	24	23
Gain on sale of property, plant and equipment	-	-
Miscellaneous income	805	151
Total	**6,997**	3,821

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 33: Finance costs

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
- On financial liabilities measured at amortised cost		
Interest expenses	3,244	1,213
Interest on working capital loan	485	120
Interest on term loan	5,196	1,276
Unwinding of interest on security deposit	109	111
Lease liability	7	9
Other borrowing costs	533	349
On provisions		
Unwinding of interest on provision for decommissioning and restoration	19	18
Net Interest on net defined benefit liability	108	14
Total	**9,701**	**3,110**

Note 34: Cost of material consumed

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Stock at the beginning of the year	54,449	19,132
Add : Purchases	3,76,409	2,50,637
Add : Acquired pursuant to business combination	-	14,303
Less : Stock at the end of the year	59,072	54,449
Total	**3,71,786**	**2,29,623**

Note 35: Changes in inventories of finished goods, work-in-progress and by-product

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Inventory at the end of the year		
Finished goods	12,343	11,998
By-Products	142	188
Work-in-progress	18,426	16,737
Total	**30,911**	**28,923**
Inventory at the beginning of the year		
Finished goods	11,998	10,073
By-Products	187	475
Work-in-progress	16,737	15,423
Total	**28,922**	**25,971**
(Increase)/Decrease	**(1,989)**	**(2,952)**

Note 36: Provision/(Reversal) of impairment on financial instruments

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
- On financial instruments measured at amortised cost		
Expected Credit Loss/(reversal) on trade receivables and contract assets	-	412
Total	**-**	**412**

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 37: Employee benefit expenses

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Salaries and incentives	27,181	12,326
Contributions to provident fund and other funds	1,623	572
Employees stock option expense	1,034	248
Gratuity	505	188
Staff welfare expenses	2,512	1,386
Others	60	4
Total	**32,915**	**14,724**

Note 38: Depreciation and amortisation expense

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
On property, plant and equipment (Refer Note No. 15)	17,424	9,367
On investment property (Refer Note No. 14)	70	77
On Right of Use of asset (Refer Note No. 15)	24	26
On intangible assets (Refer Note No. 15)	67	78
Total	**17,585**	**9,548**

Note 39: Corporate social responsibility expense

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Construction/ acquisition of any asset		
- Amount already incurred	-	-
- Amount yet to be incurred	-	-
On purposes other than above		
- Amount already incurred	1,869	472
- Amount yet to be incurred	-	-
Total	**1,869**	**472**

Note 40: Operating and other expenses

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
A. Operating expenses		
Consumption of stores, spares and consumables	53,515	27,218
Power, fuel and water	54,529	12,383
Fettling and other manufacturing expenses	3,551	2,870
Repairs and maintenance		
- Machinery	3,576	3,552
- Buildings	406	266
Machinery hire charges	598	437
Excise duty on Increase / (Decrease) in closing stock of finished goods	-	-
Operation, maintenance and other charges for windmills	156	163
Other processing expenses	3,994	2,775
Other direct expenses	3,424	173
Sub Total	**1,23,749**	**49,837**

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 40: Operating and other expenses (Contd..)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
B. Selling expenses		
Freight and forwarding expenses (net)	17,294	12,684
Sales commission and incentive	140	17
Royalty	982	840
Advertisement	11	38
Other selling expenses	209	37
Sub Total	**18,636**	**13,616**
C. Other expenses		
Communication expenses	142	100
Loss on sale/ demolition/ scrap of assets	8	84
Net loss on foreign currency transactions	2,238	789
Security expenses	325	323
Repairs and maintenance :		
- Property	74	71
- Other assets	433	228
Garden and site maintenance	60	45
Rent, rates and taxes	596	371
Legal and professional fees	2,345	1,672
Commission to directors	418	274
Director sitting fees	222	121
Acquisition related cost in business combination	-	820
Travelling expenses	646	259
Insurance charges	575	259
Miscellaneous expenses	5,356	1,370
Payment to auditors :		
(a) for audit	125	69
(b) for taxation audit	-	-
(c) for other services	2	1
Sub Total	**13,565**	**6,856**
Total	**1,55,950**	**70,309**

Note 41: Details of research and development expenditure carried out by the Group

(For unit situated at Bevinahalli village, Koppal incurred are given below)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
a. Revenue expenses		
Cost of materials/consumables/spares	39	16
Employee related expense	378	380
Other expense	35	26
Total	**452**	**422**
b. Capital expenditure		
Office equipment	1	2
Intangible assets	45	13
Total	**46**	**15**

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 42:

Notes on these consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the companies. Recognising this purpose, the Company has disclosed only such notes from the individual financial statements, which:

a) are necessary for presenting a true and fair view of the Consolidated Financial Statements

b) the notes involving items, which are considered to be material.

Note 43: Income Taxes

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
(i) The major components of income tax expense are:		
(a) Statement of Profit and Loss section		
Current income tax charge	18,900	16,356
Short/ (Excess) provision of earlier years	(822)	177
Deferred tax:		
Deferred tax	1,751	8,681
Income tax expense reported in the Statement of Profit and Loss	**19,829**	25,214
OCI Section: Deferred tax related to items recognised in OCI during in the year:		
(b) Statement of Other Comprehensive Income (OCI)		
Deferred tax related to items recognised in OCI during the year		
Current income tax:		
Income tax expense / (income) on actuarial gains and losses	-	(197)
	-	**(197)**
Deferred tax:		
Deferred tax (expense) / income on fair valuation of equity instruments	(6,599)	(715)
Deferred tax (expense) / income on remeasurements of defined benefit plan	65	16
Income tax charged to Other Comprehensive Income	**(6,534)**	**(699)**
(ii) Reconciliation of tax expense and the accounting profit		
Accounting profit for the Group before income tax	65,782	56,832
Enacted tax rates in India	25.168%	25.168%
Computed tax expense	16,556	14,303
Add/ (Less) net adjustment on account of:		-
Deduction under section 80M	(247)	(246)
Disallowances under Income Tax Act, 1961	819	477
Provision of earlier years	(822)	(311)
Tax effect of pre-acquisition period on account of business acquisition	-	5,208
On account of business combination and consolidation adjustments	1,621	4,505
Capital gain	616	44
Tax difference due to Profit on sale of assets chargeable to tax as LTCG	-	-
Others - Tax effect of pre-acquisition period w.r.t business acquisition	-	106
Dividend of subsidiary eliminated in Accounting profit for the Group but taxable	978	978
Loss of wholly owned subsidiary ineligible for set-off for tax computation at Group Level	-	147
Other adjustments	308	3
Total adjustments	**3,273**	**10,911**
Income tax expense	19,829	25,214
Effective tax rate	30.14%	44.37%

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 43: Income Taxes (Contd..)

Particulars	Balance Sheet		Statement of Profit and Loss	
	As at 31 March 2023	As at 31 March 2022	Year ended 31 March 2023	Year ended 31 March 2022
(iii) Deferred tax relates to the following:				
Deferred tax assets				
Provision for employee benefits	131	111	20	30
Provision for Expected Credit Loss	135	135	-	-
Provision for dismantling obligation	62	57	5	5
MAT credit entitlement	50	50	-	-
Disallowances under section 43B of Income tax Act, 1961	2,100	1,305	795	883
Provision for Impairment in Value of Project - Capital work in progress	3,638	7,568	(3,930)	7,568
Other temporary difference	-	-	-	-
Gross deferred tax assets	**6,116**	**9,226**	**(3,110)**	**8,486**
Deferred tax liabilities				
Property, plant and equipment	26,611	28,045	(1,434)	18,518
Fair valuation of financial instruments	57	-	57	(75)
Fair valuation of Equity financial instruments	4,251	900	3,351	798
Other temporary difference	66	57	9	55
Tax impact of sale of equity investment measured through OCI	-	-	3,192	-
Gross deferred tax liabilities	**30,985**	**29,002**	**5,175**	**19,296**
Cumulative deferred tax impact due to Ind AS	-	-	-	-
Deferred tax (assets)/liabilities (net)*	**24,869**	**19,776**	**8,285**	**10,810**

*Breakup of movement in Deferred Tax (assets)/Liabilities (Net)	Year ended 31 March 2023	Year ended 31 March 2022
Amount recognised in Statement of Profit and Loss	1,751	8,681
Amount recognised in Statement of Other Comprehensive Income	6,534	699
Deferred Tax adjustment through Profit and Loss Accounts	**8,285**	**9,380**
On account of business acquisition of Step-down Subsidiary limited- Deferred Tax	-	1,231
On account of business acquisition of Step-down Subsidiary limited- Current Tax	-	199
Deferred Tax adjustment through balance sheet	**-**	**1,430**
Total Deferred Tax moment	**8,285**	**10,810**

Note 44: Earning Per Share

Basic EPS amounts are 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 year.

Diluted EPS amounts are calculated by adjusting profit or loss attributable to ordinary equity holders of the entity, and the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares.

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 44: Earning Per Share (Contd..)

The following reflects the income and share data used in the basic and diluted EPS computations:

***Breakup of movement in Deferred Tax (assets)/Liabilities (Net)**		**Year ended 31 March 2023**	**Year ended 31 March 2022**
Net profit after tax as per Statement of Profit and Loss		45,953	31,618
Less: Non-controlling interest		23,522	12,258
Net profit attributable to the owners of the Company	(A)	22,431	19,360
Weighted average number of equity shares in calculating basic EPS	(B)	98,16,948	97,44,526
Effect of dilution:			
Stock options granted under ESOP		1,78,281	2,24,079
Total number of diluted equity shares at the end of the year	(C)	99,95,229	99,68,605
Adjustment to numerator on account of ESOP issued by subsidiary	(D)	(119)	(45)
Net profit after tax and non-controlling interest for computing diluted EPS	(E) = (A) + (D)	22,312	19,315
Basic earnings per share of face value of ₹ 10 each (in ₹)	(A/B)	228.49	198.67
Diluted earnings per share of face value of ₹ 10 each (in ₹)	(E/C)	223.23	193.76

Note 45: Contingent liabilities and capital commitments

a. Contingent liabilities

Particulars	**As at 31 March 2023**	**As at 31 March 2022**
a. Disputed demands		
- Central excise and customs	2,681	2,826
- Service tax	305	380
- Sales tax	134	443
- Goods and Service tax	354	275
- Income tax	5,062	3,353
- Others	2,332	1,196
b. Provident fund matters	67	67
c. Conveyance deed charges in respect of property	22	22
d. Labour matters to the extent quantifiable	50	47
e. License fees - Tamilnadu Maritime Board (TPPCL)	-	1,139
e. Bank guarantee	11,132	1,378

b. Capital commitments

Particulars	**As at 31 March 2023**	**As at 31 March 2022**
Stamp duty and registration fees	121	121
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	54,269	28,880
Total	**54,390**	**29,001**

Note 46: Borrowing cost capitalised

Particulars	**Year ended 31 March 2023**	**Year ended 31 March 2022**
Capitalised during the year	499	40
Total	**499**	**40**

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 47: Segment reporting

Segment information based on Consolidated Financial Statements, as required by the Indian Accounting Standard 108 "Operating Segments" as prescribed under section 133 of Companies Act, 2013 is as follows:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Segment revenue		
- Windpower generation	334	320
- Investments (securities & properties)	6,581	5,737
- Real Estate	6	-
- Iron casting	4,12,353	3,56,051
- Tube	2,10,875	13,995
- Steel	1,78,658	2,748
- Unallocable	10,250	6,865
Total	**8,19,057**	**3,85,716**
Less: Inter segment revenue	1,65,458	1,241
Less: Sales to Subsidiary	-	2,397
Net Sales	**6,53,599**	**3,82,078**
Segment Results		
Profit (+) / Loss (-) before tax and interest from each segment		
- Windpower generation	67	61
- Investments (securities & properties)	4,667	4,144
- Real Estate	(412)	(453)
- Iron casting	54,581	56,130
- Tube	14,065	1,860
- Steel	2,476	(1,000)
- Unallocable	123	(713)
Total Profit before interest and tax	**75,567**	**60,029**
- Finance cost	(9,701)	(3,110)
- Other unallocable income/ (expenditure) net off unallocable income/(expenditure)	(84)	(87)
Total profit before tax	**65,782**	**56,832**
- Current tax	18,900	16,356
- Short/ (Excess) provision of earlier years	(822)	177
- Deferred tax	1,751	8,681
Total profit after tax	**45,953**	**31,618**
Segment assets		
- Windpower generation	313	408
- Investments (securities & properties)	1,71,157	1,23,670
- Real Estate	31,004	21,732
- Iron casting	3,06,505	2,64,333
- Tube	1,53,169	1,54,122
- Steel	76,820	69,607
- Other un-allocated assets	14,355	44,720
Total segment assets	**7,53,323**	**6,78,592**
Segment liabilities		
- Windpower generation	293	257
- Investments (securities & properties)	2,312	2,160
- Real Estate	7,563	1,686
- Iron casting	1,67,328	1,37,818
- Tube	18,102	12,968
- Steel	9,716	16,186
- Other un-allocated liabilities	55,726	1,00,991
Total segment liabilities	**2,61,040**	**2,72,066**

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 47: Segment reporting (Contd..)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Capital Employed		
(segment assets - segment liabilities)		
- Windpower generation	20	151
- Investments (securities & properties)	1,68,845	1,21,510
- Real Estate	23,441	20,046
- Iron casting	1,39,177	1,26,515
- Tube	1,35,067	1,41,154
- Steel	67,104	53,421
- Unallocable corporate assets less liabilities	(41,371)	(56,271)
Less: Non controlling interest	1,85,022	1,73,674
Total capital employed	**3,07,261**	**2,32,852**
Total cost incurred during the year to acquire segment assets that are expected to be used during more than one period		
- Windpower generation*	-	7
- Investments (securities & properties)	6	275
- Real Estate	36	-
- Iron casting	-	23,795
- Tube	54,835	574
- Steel	2,789	425
- Unallocable corporate assets	457	148
Total assets acquired	**58,123**	**25,224**
Depreciation and amortisation		
- Windpower generation	58	58
- Investments (securities & properties)	169	168
- Real Estate	46	61
- Iron casting	10,339	8,786
- Tube	5,070	281
- Steel	1,740	99
- Unallocable corporate depreciation	107	95
Total depreciation and amortisation	**17,528**	**9,548**

(* Value less than a Rupee lakh)

Other disclosures :

(i) The Group derives its entire income from India (i.e. the country of domicile) and all assets of the Group are located in India

(ii) There is no inter-segment revenue during the year (Previous Year : Nil)

Note 48: Provisions

The disclosure required by Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets prescribed under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014,is as follows:

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 48: Provisions (Contd..)

Class of Provision	Casting rejections*	Provision for decommissioning and Restoration**
Opening balance as on 1 April 2022	129	226
Provisions for the year	151	19
Amounts used during the year	129	-
Closing balance as on 31 March 2023	151	245

*Nature of obligation: Provision for possible obligation towards outflow of resources on casting rejections.

Expected timing of resulting outflow: Substantial costs will be incurred in the next financial year.

**Nature of Obligation: Provision for possible obligation towards outflow related to decommissioning and restoration of windmills. Expected timing of resulting outflow: Substantial costs will be incurred at the end of useful life of wind mills.

Note 49: Related Party Transactions

List of related parties as per the requirements of Ind AS 24 - Related party disclosures

Related parties, as defined under Indian Accounting Standard (Ind AS 24) "Related Party Disclosures" have been identified on the basis of representation made by the Key Management Persons and taken on record by the Board of Directors. Disclosures of transactions with Related Parties are as under:

(a) Name of the related party and nature of related party relationships :

Name of Key Management Personnel	Designation	Transactions with relatives of Key Management Personnel and relationship
Kirloskar Industries Limited		
Mr. Mahesh Chhabria	Managing Director	None
Ms. Aditi Chirmule	Executive Director	None
Mr. Anandh Baheti *	Chief Financial Officer	None
Mrs. Ashwini Mali	Company Secretary	None
* CFO has joined from 14 July, 2022		
Avante Spaces Limited (formerly known as Wellness Space Developers Limited)		
Mr. Vinesh Kumar Jairath	Managing Director	None
Kirloskar Ferrous Industries Limited		
Mr. R.V. Gumaste	Managing Director	None
Mr. R.S. Srivatsan	Chief Financial Officer	None
Mr. Mayuresh Gharpure	Company Secretary	None
Subsidiary of Kirloskar Ferrous Industries Limited		
a) ISMT Limited (Step-down Subsidiary)		
Mr. Nishikant Ektare	Managing Director (w.e.f. March 10, 2022)	None
Mr. Rajiv Goel	Chief Financial Officer (upto September 30, 2022)	None
Mr. S G Patil	Chief Financial Officer (w.e.f. November 05, 2022)	None
Mr. Chetan Nathani	Company Secretary	None
b) Structo hydraulics		
Ms. Anne Karlson	Director	None

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 49: Related Party Transactions (Contd..)

(b) Related party transactions

Nature of transaction	Year	Key Management Personnel
Expenses rendering of services	**2022-23**	**6,012**
	2021-22	3,382
Dividend paid	**2022-23**	**54**
	2021-22	44
Outstanding as at 31 March		
Payable	**2023**	**2,354**
	2022	1,389
Receivable	**2023**	**-**
	2022	-

Compensation of Key Management Personnel of the Group

Particulars	For the year ended 31 March	
	2023	**2022**
Short term employee benefits	4,226	2,569
Post employment benefits	189	105
Other long term benefits	55	63
Share based payments	1,542	645
Total	**6,012**	**3,382**

Note 50: BUSINESS COMBINATIONS

Step down subsidiary acquired during the previous year

Kirloskar Ferrous Industries Limited (the Subsidiary Company) has acquired management control over ISMT Limited (ISMT) on 10 March 2022, by acquiring 154,000,000 equity shares of ₹ 5 each of ISMT Limited (i.e., 51.25 percent) through preferential allotment pursuant to terms of the Share Subscription Agreement dated 25 November 2021, executed between the Subsidiary Company, ISMT and certain promoters forming the promoter group of ISMT. Consequent to the aforesaid allotment of equity shares, ISMT has become a step down subsidiary of the Company with effect from 10 March 2022 ("Acquisition date") pursuant to the provisions of Section 2 (87) (ii) of Companies Act, 2013.

Note 51: Fair Value Measurements

Set out below is a comparison, by class, of the carrying amounts and the fair value of the Group's financial instruments as of 31 March 2023

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit and loss	Financial assets/liabilities at fair value through OCI	Total carrying value	Total fair value
Financial assets					
Cash and cash equivalents	8,898	-	-	8,898	8,898
Bank balances other than above	11,307	-	-	11,307	11,307
Derivative financial instruments	-	-	-	-	-
Receivables					

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 51: Fair Value Measurements (Contd..)

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit and loss	Financial assets/liabilities at fair value through OCI	Total carrying value	Total fair value
(i) Trade receivables	81,794	-	-	81,794	81,794
Investments	-	10,972	1,46,555	1,57,527	1,57,527
Other financial assets	4,119	-	-	4,119	4,119
Total	**1,06,118**	**10,972**	**1,46,555**	**2,63,645**	**2,63,645**
Financial liabilities					
Derivative financial instruments	-	148	-	148	148
Trade payables	1,04,063	-	-	1,04,063	1,04,063
Borrowings (other than debt securities)	96,388	-	-	96,388	96,388
Deposits	1,533	-	-	1,533	1,533
Other financial liabilities	15,987	-	-	15,987	15,987
Total	**2,17,971**	**148**	**-**	**2,18,119**	**2,18,119**

Set out below is a comparison ,by class, of the carrying amounts and the fair value of the Group's financial instruments as of 31 March 2022

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit and loss	Financial assets/liabilities at fair value through OCI	Total carrying value	Total fair value
Financial assets					
Cash and cash equivalents	9,435	-	-	9,435	9,435
Bank balances other than above	24,969	-	-	24,969	24,969
Derivative financial instruments	-	337	-	337	337
Receivables					
(i) Trade receivables	80,894	-	-	80,894	80,894
Investments	-	-	1,19,025	1,19,025	1,19,025
Other financial assets	3,510	-	-	3,510	3,510
Total	**1,18,808**	**337**	**1,19,025**	**2,38,170**	**2,38,170**
Financial liabilities					
Derivative financial instruments	-	-	-	-	-
Trade payables	1,07,245	-	-	1,07,245	1,07,245
Borrowings (other than debt securities)	1,20,434	-	-	1,20,434	1,20,434
Deposits	1,198	-	-	1,198	1,198
Other financial liabilities	12,629	-	-	12,629	12,629
Total	**2,41,506**	**-**	**-**	**2,41,506**	**2,41,506**

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 51: Fair Value Measurements (Contd..)

Quantitative disclosures fair value measurement hierarchy for assets:

Particulars	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial Asset/(Liability) measured at fair value through profit or loss/ other comprehensive income			
Date of Valuation			
As at 31 March 2023	1,57,388	10,972	139
As at 31 March 2022	1,18,442	337	583

The following methods and assumptions were used to estimate the fair values / amortised cost as applicable :

(i) The fair values of quoted equity instruments and mutual funds are measured using Level 1 hierarchy and derivative assets/(liabilities) on account of forward exchange contract are measured using Level 2 hierarchy. There have been no transfers among Level 1, Level 2 and Level 3 during the year.

(ii) The management assessed that the fair value of cash and cash equivalents, other bank balances, trade receivables, trade payables, deposits, loans and other financial assets and other financial liabilities approximate their carrying amounts.

(iii) The fair value of the quoted equity shares and mutual fund are based on the price quotations at reporting date.

(iv) The fair value of unquoted instruments - The Group has carried out fair valuation of investments in equity shares of unquoted instruments based on discounted cash flow method under income approach based on valuation carried out by an independent valuer. The fair value of unquoted instruments are measured using Level 3 hierarchy.

(v) Derivative financial assets / (liabilities) are valued based on inputs that are directly or indirectly observable in the market.

(vi) The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

(vii) The fair value of other financial liabilities as well as other financial assets is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

Note 52: Financial risk management

The Group's activities exposes it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the Group manages the risk.

The Group has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified are systematically addressed through risk mitigation actions on a continuing basis.

In order to minimise any adverse effects on the financial performance of the Group, derivative financial instruments such as forward foreign exchange contract are entered to hedge the foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as a trading or speculative purposes.

(A) Market risk

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

The sensitivity analysis in the following sections relate to the position as at 31st March, 2023. The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. The analyses exclude the impact of movements in market variables on the carrying values of gratuity and other post retirement obligations and provisions.

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 52: Financial risk management (Contd..)

Equity price risk

Equity price risk is related to the change in market reference price of the investments in equity securities. The fair value of the Group's investments measured at fair value through other comprehensive income and fair value through profit and loss exposes the Group to equity price risks. These investments are subject to changes in the market price of securities.

The fair value of Company's investment as at 31 March 2023, in quoted & unquoted equity securities was ₹ 1,46,554 Lakhs (Previous Year : ₹ 1,19,024 lakhs quoted equity shares) and ₹ 10,972 Lakhs in quoted mutual funds (Previous Year : Nil in quoted mutual funds). The impact of change in equity price risk is as under:

Particulars	31 March 2023		31 March 2022	
	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
Impact on Statement of Profit and Loss				
Mutual funds	1,097	(1,097)	-	-
Impact on Statement of Comprehensive Income				
Equity shares	14,655	(14,655)	11,902	(11,902)

(B) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities such as primarily trade receivables and from its investing activities, including deposits with banks and financial institutions, cash and cash equivalent and other financial instruments.

I. Trade receivables

Customer credit risk is managed by the Group's established policy, procedures and control relating to customer credit risk management. Credit exposure risk is mainly influenced by class or type of customers, depending upon their characteristics. Credit risk is managed through credit approval process by establishing credit limits along with continuous monitoring of credit worthiness of customers to whom credit terms are granted. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are combined into homogenous category and assessed for impairment collectively. The calculation is based on actual incurred historical data as well as futuristic information. The Group uses expected credit loss model to assess the impairment loss. The Group uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors.

For ageing analysis of trade receivables/unbilled contract assets refer note no. 9

Movement of provision for Expected Credit Loss:

Trade receivables	As at 31 March 2023	As at 31 March 2022
Opening provision for Expected Credit Loss	-	-
Amount written back	-	-
Provided during the year	-	-
Closing provision for Expected Credit Loss	-	-

Credit risk on cash and cash equivalents and other bank balances is limited as the Group generally invests in banks and liquid mutual funds with high credit ratings.

(C) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availiability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The flexibility in funding requirements is met by ensuring by availiability of adequate inflows. The Group maintains adequate sources of financing including overdraft, debt from domestic and international banks at optimised cost. The Group has access to banks, capital and money market across debt, equity and hybrids.

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 52: Financial risk management (Contd..)

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Particulars	On demand	Upto 1 year	More than 1 year upto 3 years	More than 3 years
Trade payables	889	1,03,174	-	-
Borrowings (other than debt securities)	-	59,409	36,979	21,254
Deposits	8	13	1,338	-
Other financial liabilities	74	15,830	569	-
As at 31 March 2023	**971**	**1,78,426**	**38,886**	**21,254**
Trade payables	516	1,07,245	-	-
Borrowings (other than debt securities)	-	75,736	44,698	16,836
Deposits	7	10	1,338	-
Other financial liabilities	82	11,634	325	-
As at 31 March 2022	**605**	**1,94,625**	**46,361**	**16,836**

a. **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the reporting date the interest rate profile of the Group's interest bearing financial instruments are follows:

Particulars	31 March 2023	31 March 2022
Fixed rate borrowings		
Term loan from banks	39,427	26,559
Non Convertible Debentures	25,000	25,000
Commercial Papers	7,231	53,043
Others	4,500	4,450
	76,158	**1,09,052**
Variable rate borrowings		
Term loan from banks		-
Loans repayable on demand	20,230	11,382
Total variable rate borrowings	**20,230**	**11,382**

Particulars	31 March 2023	31 March 2022
Impact on profit before tax and pre-tax equity		
Increase by 50 basis points	(101)	(57)
Decrease by 50 basis points	101	57

b. **Foreign currency risk**

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. Group transacts business in its functional currency i.e. Indian rupee and in different foreign currencies. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities, where revenue or expense is denominated in a foreign currency. The Group manages its foreign currency risk by hedging foreign currency payables using foreign currency forward contracts. The Group negotiates the terms of those foreign currency forward contracts to match the terms of the hedged exposure.

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 52: Financial risk management (Contd..)

Details of foreign currency exposures that are hedged by derivative instruments or otherwise:

(Currency in Lakhs)

Particulars	Currency	Amount in foreign currency	Equivalent Indian currency	Maturity Profile
Payables				
As at 31 March 2023	USD	559	46,241	Within 6 Months
As at 31 March 2022	USD	583	43,944	Within 6 Months

Details of foreign currency exposures that are not hedged by derivative instruments or otherwise:

(Currency in Lakhs)

Particulars	Currency	Amount in foreign currency	Amount Equivalent Indian currency
Secured Loans			
As at 31 March 2023	USD	84	6,890
As at 31 March 2022	USD	-	-
Receivables			
As at 31 March 2023	USD	6	456
	Australian Dollar	-	-
	GBP	-	-
	EURO	28	2,455
As at 31 March 2022	USD	50	380
	Australian Dollar	-	1
	GBP	-	24
	EURO	49	4,121
Payables			
As at 31 March 2023	USD	138	11,306
	EURO	3	283
	YEN	-	-
As at 31 March 2022	USD	322	24,409
	EURO	38	3,081
	YEN	261	162

Foreign currency sensitivity on unhedged exposure

(Currency in Lakhs)

Financial Year	Foreign currency	Change in foreign currency rates	Effect on profit before tax (₹ in lakhs)	Effect on pre-tax equity (₹ in lakhs)
For 31 March 2023	USD	+5%	(887)	(887)
		-5%	887	887
	EURO	+5%	109	109
		-5%	(109)	(109)

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 52: Financial risk management (Contd..)

(Currency in Lakhs)

Financial Year	Foreign currency	Change in foreign currency rates	Effect on profit before tax (₹ in lakhs)	Effect on pre-tax equity (₹ in lakhs)
For 31 March 2022	USD	+5%	(1,201)	(1,201)
		-5%	1,201	1,201
	Austrailian Dollar	+5%	-	-
		-5%	-	-
	GBP	+5%	1	1
		-5%	(1)	(1)
	EURO	+5%	52	52
		-5%	(52)	(52)
	YEN	+5%	(8)	(8)
		-5%	8	8

c. **Commodity price risk**

Commodity price risk is a financial risk on the Group's financial performance which is affected by the fluctuating prices on account of global and regional supply / demand. Fluctuations in the prices of commodities mainly depend on market conditions.

The subsidiary company is subject to fluctuations in prices for the purchase of metallurgical coke, coking coal and iron ore which are the major input materials for production of pig iron.

The subsidiary company has an elaborate control procedure for finalising the prices of commodities through approval process from designated group officials. Every month the price trend of the materials, demand and supply position and market intelligence report are reviewed and strategy is adopted before finalising the next consignment/quantities for subsequent months.

The Commodity Price Risk is managed without any hedging of the commodities.

For step-down subsidiary

The subsidiaries are exposed to the movement in price of key raw materials in domestic and international markets. The subsidiaries review the prices of key raw materials periodically and enters into most of the contracts for procurement of material on short term fixed price basis.

Note 53: Capital Management

The Group's objectives when managing capital are to

- Safeguard their ability to continue as a going concern, so that they 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 etc.

No changes were made in the objectives, policies or processes for managing capital during the years and Previous Year

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2023 *(Amounts in Indian Rupees lakhs, unless otherwise stated)*

Note 54: Statement of Net Assets, Profit and Loss and Other Comprehensive Income attributable to owners and Non Controlling Interest as on 31 March 2023

Name of the Entity	Net Assets, i.e. total assets minus total liabilities		Share in profits or loss		Share in Other Comprehensive Income		Share in total Comprehensive Income	
	As % of Consolidated net assets	Amount	As % of Consolidated profit / loss	Amount	As % of Consolidated profit / loss	Amount	As % of Consolidated profit / loss	Amount
Parent - Kirloskar Industries Limited	44.50%	2,19,065	5.90%	2,711	99.66%	21,345	35.71%	24,056
Indian subsidiary - Avante Spaces Limited	0.67%	3,281	(0.56%)	(258)	(0.03%)	(15)	(0.41%)	(273)
Indian subsidiary - Kirloskar Ferrous Industries Limited	17.25%	84,915	43.47%	19,978	(0.06%)	(13)	29.64%	19,965
Non controlling interest	37.58%	1,85,021	51.19%	23,522	0.47%	100	35.06%	23,622
Total	**100%**	**4,92,283**	**100%**	**45,953**	**100%**	**21,417**	**100%**	**67,370**

Note 55

Previous year's figures have been regrouped wherever considered necessary to make them comparable with those of the current year.

As per our attached report of even date

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration Number: 105215W/W100057

Parag Pansare
Partner
Membership Number: 117309

Pune: 23 May 2023

For and on behalf of the Board of Directors

Mahesh Chhabria
Managing Director
DIN 00166049

Aditi Chirmule
Executive Director
DIN 01138984

Anandh Baheti
Chief Financial Officer

Ashwini Mali
Company Secretary
ACS 19944

Pune: 23 May 2023

Notes

Kirloskar Industries

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Email: investorrelations@kirloskar.com **Website:** www.kirloskarindustries.com
CIN: L70100PN1978PLC088972