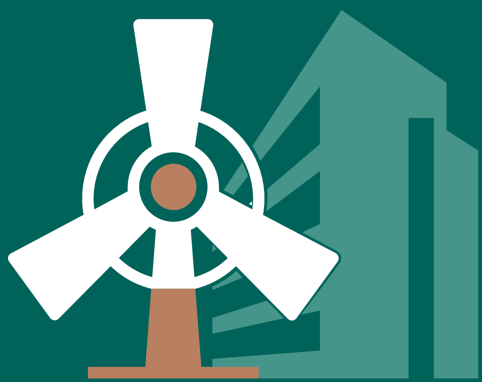
Kirloskar Industries Limited
A Kirloskar Group Company

kirloskar
Industries

ANNUAL REPORT 2021-22



LIMITLESS

Performance* FY 2021-22

Revenue

₹726 million

Total Income

₹1,027 million

EBITDA

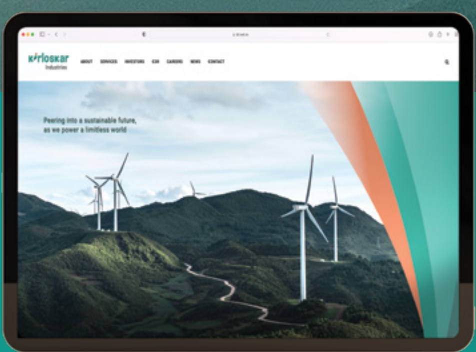
₹845 million

PAT

₹609 million

*All numbers rounded off to nearest decimal

Contents



For more information, please, visit our **website:**

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 1 April 2021 to 31 March 2022. 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. Nihal Kulkarni
Director
DIN 01139147
(Resigned w.e.f. 09.02.2022)

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. Sunil Shah Singh
Independent Director
DIN 00233918
(Ceased w.e.f. 19.10.2021)

Mr. D. Sivanandhan
Independent Director
DIN 03607203

Mr. Ashit Parekh
Independent Director
DIN 00821577

Mr. Satish Jamdar
Independent Director
DIN 00036653

Ms. Mrunalini Deshmukh
Independent Director
DIN 07092728
(Resigned w.e.f. 27.05.2022)

Mr. Vijaydipak Varma
Additional Independent Director
DIN 00011352
(Appointed w.e.f. 15.10.2021)

Ms. Purvi Sheth
Additional Independent Director
DIN 06449636
(Appointed w.e.f. 26.05.2022)

CHIEF FINANCIAL OFFICER

Mr. Umesh Shastry (Up to 31.01.2022)

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
E mail: investorrelations@kirloskar.com
Website: www.kirloskarindustries.com
CIN: L70100PN1978PLC088972

LOCATION OF WINDMILLS

Tirade Village, Tal. Akole, Dist. Ahmednagar

INFORMATION FOR THE MEMBERS OF THE COMPANY

The 28th Annual General Meeting will be held on Tuesday, 9 August 2022 at 11.30 a.m. (IST) through Video Conferencing or Other Audio Visual Means.

DATE OF BOOKS CLOSURE

3 August 2022 to 9 August 2022 (both days inclusive)

Kirloskar Industries

Decade at a glance

(₹ in Millions)***

Sr. No.	Particulars	Ind AS					Indian GAAP				
		2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
1	Revenue from operations	726	299	563	460	383	35	48	34	134	131
2	Profit Before Tax	801	325	649	568	492	375	684	543	541	430
3	Profit After Tax	609	272	595	495	424	288	603	451	467	361
4	Dividend Amount	98	97	** 97	204	204	* 194	194	194	39	39
5	Dividend (%)	100	100	** 100	210	210	* 200	200	200	40	40
6	Earnings Per Share (₹)	62	28	61	51	44	30	62	46	48	37
7	Book Value Per Share (₹)	1,651	1,458	864	1,240	1,711	783	753	713	689	645
8	Share Capital	98	97	97	97	97	97	97	97	97	97
9	Reserves and Surplus	16,045	14,048	8,280	11,935	16,498	7,501	7,213	6,826	6,594	6,160
10	Shareholders' Funds	16,142	14,145	8,377	12,032	16,595	7,598	7,310	6,923	6,691	6,257
11	Loan Funds	-	-	-	-	-	-	-	-	-	-
12	Total Capital Employed	16,142	14,145	8,377	12,032	16,595	7,598	7,310	6,923	6,691	6,257
13	Gross Block	774	747	783	751	687	420	402	402	401	441
14	Net Block	390	378	425	421	380	130	122	130	142	205
15	Net Current Assets	30	662	1,228	923	564	786	490	835	678	792

* Interim Dividend paid in March 2016.

** Interim Dividend paid in March 2020.

***All numbers rounded off to nearest decimal

At Kirloskar Industries Limited (KIL), our endeavour is to adapt to the accelerating pace of change, innovate and engineer sustainable solutions for a cleaner greener world. We are also developing future-ready spaces for a better, cleaner world.

LIMIT

LESS

Our diverse business portfolio creates sustainable value for our stakeholders. We believe, transformation is the key to growth and we have embraced it to set the bar higher and capitalise on endless possibilities that the future holds.

About Kirloskar Group

Innovators for tomorrow

For over 133 years, the Kirloskar Group has nurtured a legacy of excellence and innovation. In 1888, when others looked to the past, one man looked to the future. From a bicycle shop to India's first iron plough, he set in motion the nation's industrial revolution. Today, we are known as the leader of castings, diesel engine manufacturing, backup power solutions, pneumatic packages and cooling solutions, forming the backbone of several industries. With many firsts to our name, we innovate solutions that challenge convention and create a limitless future.

The Group companies are actively present across diverse sectors of agriculture, manufacturing, food and beverage, oil and gas, infrastructure and real estate. The sustainability and profitability of these businesses can largely be attributed to a sense of values woven into their foundation.

Our Group has always worked towards the progress of society, and interestingly the entire story began with an iron plough. Shri Laxmanrao Kirloskar, our founder began his journey by setting up a small bicycle repair shop at Belgaum, Karnataka, India, a hundred years ago. He later developed it into a small-scale machine tool workshop to manufacture iron plough and chaff cutters – one of the many engineering innovations that the Group would pioneer, going forward.

Our founder is recognised today as one of the doyens of Indian industry, and a notable social reformer. At the core, he was an entrepreneur with a passion for innovation that made the lives of people better. His legacy today provides employment to thousands of people in India, and positively impacts the lives of millions of people in India and around the world.

133+ Years
Of engineering excellence

05
Listed companies

₹10,533 Cr
Combined* market cap

₹7,158 Cr
Combined net worth of the Group*

6,500+
Employees across the group companies

*Market cap based on closing market price as on 31 March, 2022.

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

*ISMT effective acquisition date 10 March, 2022.

Embracing transformation

As a Group, our transformation has been marked by the introduction of Industry 4.0 and extraordinary technological advances like the Internet of Things (IoT), artificial intelligence, 3D printing, robotics and nanotechnology, among others.

The Group, with a firm focus on the future, is evolving to deliver solutions that are driven by innovation and create new growth avenues. Being at the forefront of building products and solutions that bring engineering excellence to our customers, the Group is aware of its responsibility to conserve non-renewable resources and implement more sustainable business practices.

KIL at a glance

Our value proposition is diverse and differentiated

We aspire to provide ultimate value to our stakeholders through our strategic investments in the Group companies that form a part of our business model as a Core Investment Company (CIC)*.

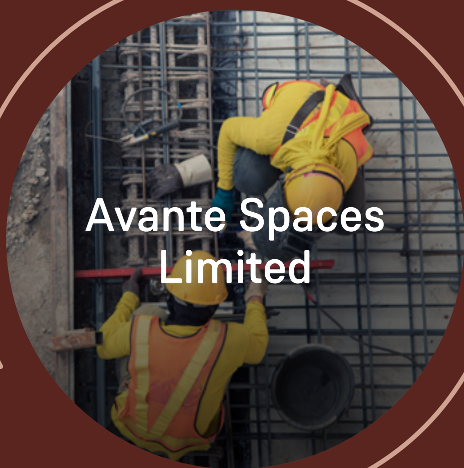
We are a holding company involved in wind power generation and have diversified into real estate development activities through our wholly owned subsidiary, Avante Spaces Limited (Avante). We have also given our existing commercial properties on leave and license basis as a part of our business model. Through our subsidiary, Kirloskar Ferrous Industries Limited (KFIL), we are also engaged in the business of manufacturing pig iron and iron castings.

Company name	% holding
Avante Spaces Limited	100%
Kirloskar Ferrous Industries Limited	50.93%
Kirloskar Brothers Limited	23.91%
S.L. Kirloskar CSR Foundation	19.60%
Swaraj Engines Limited	17.41%
Kirloskar Pneumatic Company Limited	9.97%
Kirloskar Management Services Private Limited	7.00%
Kirloskar Oil Engines Limited	5.68%

*As of 31 March 2022, the Company's status is an unregistered CIC, regulated by the Reserve Bank of India

kirloskar
Industries

kirloskar
Ferrous



Avante Spaces Limited

Chairman's perspective

Dear Shareholders,

It is with great pleasure that I share with you our performance report for FY 2022.

Our projects and investments are strategically keyed to capitalise on socio-economic trends that are playing out within and outside the country.

This year, in spite of the impediments to our progress, we managed to soldier ahead with the support from our teams and partners of our limitless aspirations. During the year, the Kirloskar brand underwent a logo refresh and adopted the 'Limitless' business vision, which continues to inspire us to perform for the benefit of our stakeholders and the society.

Being Opportunity Focused

Despite the current economic challenges, our Company recognises the opportunity the Indian market holds in the forthcoming years. Global supply chain strategies like 'China plus one' and opportunities generated by the Russia-Ukraine crisis, are bound to prove favourable for India in the manufacturing and service sectors.

Our projects and investments are strategically structured to capitalise on socio-economic trends that are playing out within and outside the country. With rising demand and limited supply, the real estate sector in India is rapidly recovering. There is a high demand for office spaces, data centres and urban housing owing to the rapidly growing tech sector in the country.

Capitalising on the opportunity, our Company, through its subsidiary Avante, is endeavouring to make its presence felt in the real estate business. We currently possess land banks in Pune. Mixed-use projects are currently under development in Kothrud, with development potential of little less than 2 million square feet.

Our major investments include, Avante, in which we own 100% stake, and Kirloskar Ferrous Industris Ltd, in which our holding is little over 50% . The surplus generated from rental and dividend incomes is re-routed back into the real estate projects under Avante.

KFIL, our subsidiary which is engaged in the manufacturing of pig iron and iron casting, has recorded a great performance in the current year. Its standalone sales and profit have improved with net sales of ₹ 36,149 million and net profit of ₹ 4,601 million.

Financial Performance

For the year FY 2021-22 at a consolidated level, the Company reported total income of at ₹ 38,208 million and profit before tax of at ₹ 5,683 million.

Keeping Our Green Commitments

To keep our commitment to the environment, we recognise the net-zero emissions aspirations of the country. We have a 5.6 megawatt wind farm in Ahmednagar, Maharashtra, generating 8.17 million units of electricity. The project earns Renewable Energy Certificates (RECs) for the Company which are sold in the market to earn revenue. We generated ₹ 8.8 million of revenue through sale of RECs in the year under consideration.

Moving Ahead With Conviction

Factories and buildings are turning smart with the advent of technology and digitisation. We aspire to set a course to capture such markets through our real estate business. We also plan to allocate our surplus funds to our real estate subsidiary, Avante, in the forthcoming year.

We currently possess land banks in Pune. Mixed-use projects are currently under development in Kothrud, with development potential of little less than 2 million square feet.

Our achievements are fuelled by the diligence and resilience of our dedicated workforce. I would like to take this opportunity to thank my colleagues for their commitment to deliver robust performance and create value for our stakeholders.

I conclude by expressing my heartfelt gratitude to our shareholders for their unwavering faith in us. I look forward to their continuous support to helping us reach our objectives.

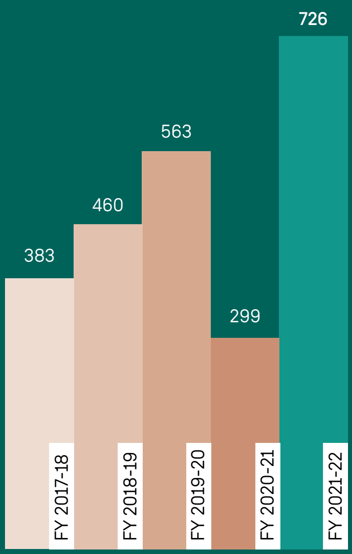
Regards

Atul Kirloskar

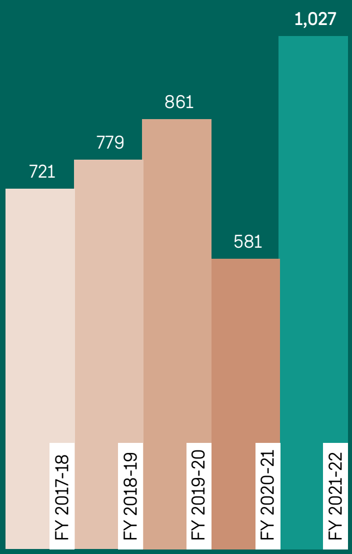
Financial highlights

Steady growth with prudence

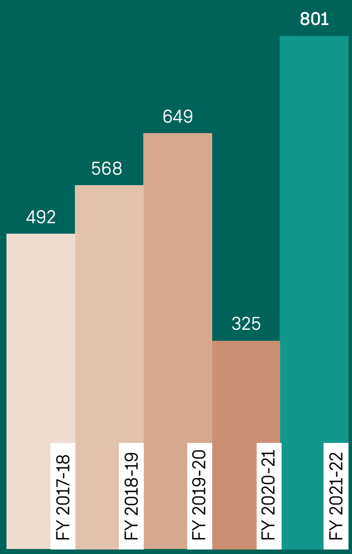
Revenue
(₹ million)



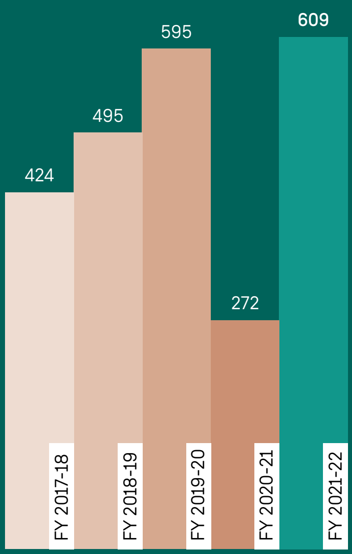
Total Income
(₹ million)



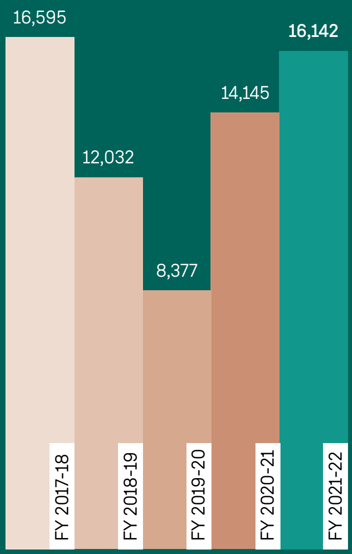
PBT
(₹ million)



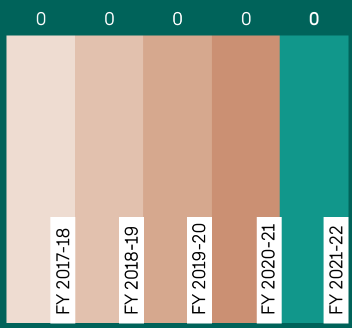
PAT
(₹ million)



Net worth
(₹ million)



Debt equity ratio



Our businesses

Harnessing green energy, developing future-fit spaces

Wind power generation

We are engaged in wind-power generation, harnessing one of the fastest growing renewable energy sources worldwide. We have seven windmills in Maharashtra located at Tirade Village, Ahmednagar.

We sell wind power units to our third-party consumers as per the Open Access Permissions received from the Maharashtra State Electricity Distribution Company Limited (MSEDCL).

To be on par with the best in class practices, our wind farms have established a culture of operational excellence and continual improvement. Maintenance management is crucial in the wind energy industry. The procedures that are essential to the efficient functioning of the wind farm and the attainment of good energy production can be achieved by wind turbine maintenance.

We have an Operations and Maintenance Agreement to engage a professional operator with the expertise needed to operate the project at its highest potential. We focus on ensuring machine availability and grid availability. The agreement warrants 96% machine availability per year per generator. Along with this, we have insurance for our windmills.

96% Machine availability

7 Wind energy generators

8.17 million Electricity generated

₹8.78 million Revenue from RECs

5.60 MW Total installed capacity

Avante Spaces Limited

Overview

Avante Spaces is our brand for our real estate business. It started from December, 2020, when we acquired a 100% ownership in Wellness Space Developers Private Limited (Wellness) – a real estate company. We transferred our 'Real Estate Business Undertaking at Kothrud' to Wellness to simplify the effective management of our real estate activities. Wellness was eventually turned into a public limited company, and in June, 2021, we renamed it to Avante Spaces Limited (Avante).

Our differentiating strengths

Developing future-ready spaces

Based on the expected economic drivers, we have structured a portfolio of offerings that are attuned to the customer and regulatory needs. We are looking at a mixed-development offering that includes retail and commercial spaces in smart buildings.

Development potential of the Kothrud project

~1.8 million sq. ft.

A dynamic team

We have engaged a team of qualified and experienced architects and designers. Additionally, we have specialised consultants with relevant experience in developing a similar architecture for our sustainability endeavours, backed by stringent pre-qualification processes.

IGBC green certifications

The first of our land parcels at Kothrud, is being developed using customer-centric and forward-thinking approaches. Our proactive strategy focuses on the construction of green buildings with certifications from the Indian Green Building Council (IGBC), which is founded on well-established energy and environmental principles and strikes a balance between established procedures and novel ideas.

We aspire to have green buildings that focus on energy consumption, decreasing carbon emissions, energy consumption and waste, along with conserving water, prioritising safer materials, and limiting our exposure to pollutants through our sustainable design, constructions, and operations.

The green building offering will position us above the conventional real estate offerings in the market and translate into faster sale of inventory.

Adaptive designs

We aspire to keep our architectural designs adaptive to future needs. For instance, with the rise in Electric Vehicle (EV) mobility and the government's emphasis on reducing the dependability on fossil fuels, our blueprints are designed to adopt multi-level car parking, with EV charging points.

Kirloskar Industries

Kirloskar Ferrous Industries Limited

Through our subsidiary Kirloskar Ferrous Industries Limited, we manufacture pig iron and iron castings such as cylinder blocks, housings, cylinder heads, and transmission parts.

Best-in-class manufacWturing facilities

Our manufacturing facilities enhance our ability to create and deliver differentiated value offerings that address the critical needs of various customer segments. We are one of India's few foundries with a 3D printing machine for creating sand cores, which allow us to manufacture prototype castings using traditional moulding techniques. In proto casting, we aim to provide a one-stop solution to customers, from 3D models to machined casting.

Both machining facilities are equipped in such a way that we can provide fully machined castings with dimensional validations. By executing special-grade production, we provide the best quality and reliability for the customer in addressing customised pig iron requirements.

For the year under review, KFIL has diversified its product portfolio with the acquisition of Indian Seamless Metal Tubes (ISMT), which is the largest integrated specialised seamless tube manufacturer in India. This has provided KFIL with an opportunity to integrate iron ore to seamless tubes at a consolidated level. KFIL has also commissioned a new sinter plant at Hiryur, Karnataka.

Among
Top 3
Players in pig iron product manufacturers in India

1st
In India to make Euro VI cylindrical blocks and heads

120K
MT of castings produced in a year

Stakeholder engagement

Creating enduring value for stakeholders

We aspire to provide enduring value to our stakeholders through our diverse business offerings that form a part of our core operations and subsidiaries.

Stakeholders	Employees	Shareholder and investors	Customers
Stakeholder expectations	• Fair practices and wages • Skill and career development programmes • Equal opportunities • Open dialogue channels	• Mutual growth • Future business plans • Improved market share • Corporate governance	• Best in class services quality • Consistent service
Mode of communication	• Regular team meetings • Inter-departmental meetings • Workshops and events • Learning and development programmes	• Annual report • Quarterly report • Website • Media • News and interviews	• Annual report • Quarterly report • Website

Kirloskar Industries

Suppliers and business partners	Government and regulatory bodies	Communities
Mutual growth Healthy relationship Business benefits	Compliance with government and regulatory norms and applicable laws Regular reporting	Local Community development initiatives Employment generation Education Healthcare and hygiene
One-on-one conversation on need basis Website Phone call	Training and workshops Annual report Quarterly report Press release	Engagement undertaken on need basis through CSR activities Collaboration with NGOs

Our people

Human assets with limitless potential

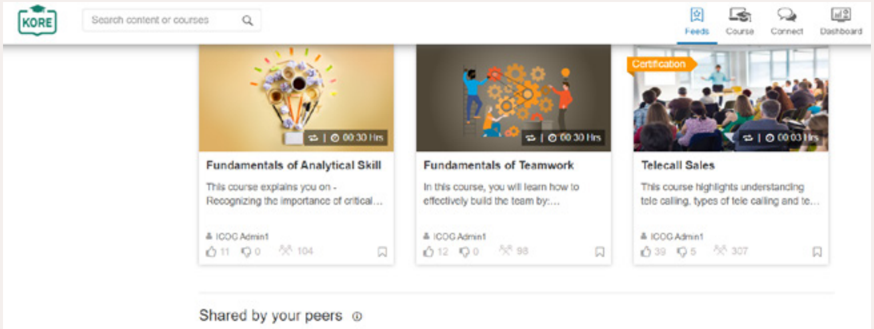
Our people policies are anchored on a set of core principles that represent our commitment to providing a healthy, safe, and ethical workplace for our employees. We invest in upskilling and empowering our people to take on challenges and unleash their intrinsic potential.

We follow ethical practices for our business conduct that guides all the employees for fair and responsible behaviour and enables a culture of compliance. We have 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. This CoC guides us to evolve as a good corporate citizen by implementing the highest degree of transparency, integrity, accountability and corporate social responsibility. To promote our values, our top management communicates with our employees via email and speakouts on a frequent basis.

Employee development

To promote learning and developing practice, we have recently launched 'Employee Development Programme' for encouraging our employees to pursue higher education.

The employees are nominated through an internal process for courses that may last from two months to an entire year. The performance management system is deployed through 'Darwin box' that ensures transparency.



Performance management

We also have deployed a performance management system in which the targets of key result areas (KRAs) are set at the beginning of the half year and are reviewed at the end of the half year. The performance management system ensures transparency and evaluation at all times.

Kirloskar Industries

Talent acquisition and retention

Our ability to attract and retain high-performing employees is critical to our long-term success. As a result, we aim to improve our talent acquisition and retention practices on a regular basis.

We follow common recruitment practices by sourcing CVs and holding interviews with the panel. The selected candidates are welcomed into the organisation where we have the 'buddy system' in which each candidate gets a buddy for a few months to guide them and help them develop according to our organisational values.

Diversity and inclusiveness

We ensure that there is no discrimination at our workplace through our human resource policy. We have 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. We also ensure everyone has equal chances for expression and advancement.

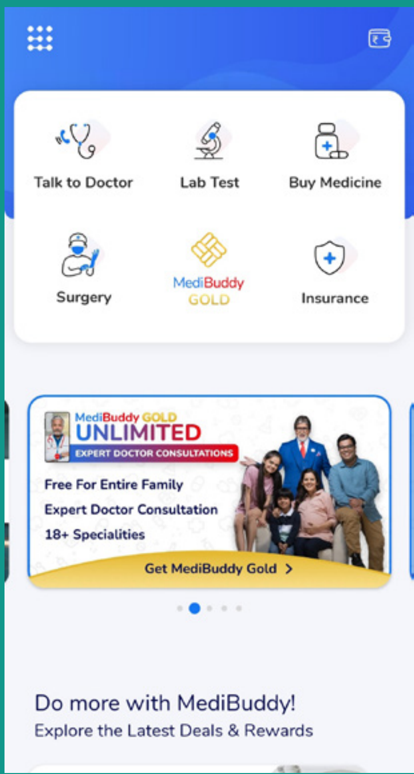
46%
Gender diversity ratio

Health and safety*

We ensure the well-being of all our employees including sub-contracted employees. We have policies and practices in place to create a safe working environment for our employees. We regularly conduct health awareness programmes on hygiene practices.

We have office protocols in place to ensure safety practices are followed. Our 'MediBuddy' employee assistance programme facilitates employees to receive the necessary medical care.

100%
Employees assisted through MediBuddy programme



Covid-19 initiatives

We included work-from-home policy to ensure the safety and well-being of our employees during the pandemic. Covid-19 positive SOPs were brought in place to prevent the spread of virus among the employees. We also conducted covid vaccination drives for all our employees and their families.

To promote health and longevity across the organisation, we offer health insurance and also conduct health check-ups for employees based on their age. Our health professionals decide which tests the employees have to undergo and these are carried out once a year depending on a protocol.

We also insure our employees through term insurance and accident insurance policy.

100%
Employees vaccinated

* including Avante

Kirloskar Industries

Recognition*

Through our recognition practices, which are focused on upholding the Kirloskar values, we hope to discover and recognise those who consistently perform well. We hold a quarterly recognition programme in which we declare the winners as 'Value Champions' and reward them with monetary awards. For employee appreciation, we deploy Darwin box, an end-to-end, agile human capital management platform.

33%
Employees were rewarded

* including Avante

Board of Directors

Mr. Atul Kirloskar
Chairman

Mr. Mahesh Chhabria
Managing Director

Ms. Aditi Chirmule
Executive Director

Mr. Anil Alawani
Non-Independent Director

Mr. Vinesh Kumar Jairath
Non-Independent Director

Mr. Tejas Deshpande
Independent Director

Mr. D. Sivanandhan
Independent Director

Mr. Ashit Parekh
Independent Director

Mr. Satish Jamdar
Independent Director

Mrs. Mrunalini Deshmukh*
Independent Director

Mr. Vijaydipak Varma**
Additional Independent Director

Ms. Purvi Sheth#
Additional Independent Director

* (Resigned w.e.f. 27.05.2022)

** (Appointed w.e.f. 15.10.2021)

(Appointed w.e.f. 26.05.2022)

NOTICE

Notice is hereby given that the 28th Annual General Meeting ('AGM') of the Members of **Kirloskar Industries Limited** ('the Company') will be held on **Tuesday, 9 August 2022, at 11.30 a.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 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 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 and SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13 May 2022, 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 2022 and the Reports of the Board of Directors and Auditors thereon.

ITEM NO. 2:

To declare a dividend of ₹ 10 per equity shares [i.e., 100%] for the Financial Year ended on 31 March 2022.

ITEM NO. 3:

To appoint a Director in place of Mr. Anil Alawani (holding DIN 00036153), 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** further to the approval by the members for the appointment and remuneration payable to Mr. Mahesh Chhabria (holding DIN 00166049), Managing Director of the Company, at the Company's 23rd, 25th and 27th Annual General Meeting held on 28 August 2017, 8 August 2019 and 10 August 2021, respectively, pursuant to the provisions of Sections 196, 197, 198, 200 and other applicable provisions, if any, of the Companies Act, 2013, (the Act), read with Schedule V to the Act and the Rules thereunder, (including any statutory modifications or re-enactment thereof for the time being in force) and pursuant to the recommendation of the Nomination and Remuneration Committee (the Committee) and approval of the Board, the consent of the members be and is hereby accorded for the remuneration payable to Mr. Mahesh Chhabria, Managing Director of the Company, as detailed below, for a period effective from 1 April 2022 till 3 July 2022, as set out in the 'Amendment Agreement along with Annexure' to be entered into between the Company and Mr. Mahesh Chhabria, Managing Director of the Company, notwithstanding that such remuneration may exceed the limit specified under Section 197 and Schedule V to the Act :

A. BASIC SALARY:

Basic Salary shall be ₹ 15,00,000 (Rupees Fifteen Lakhs only) per month with effect from 1 April 2022 up to 3 July 2022.

B. Remuneration by way of variable incentive as may be decided by the Board based on the performance evaluation carried out by the Board.

C. PERQUISITES:

In addition to the aforesaid salary, Mr. Mahesh Chhabria as the Managing Director, shall be entitled to the following perquisites:

1. Fully furnished residential accommodation. Where no accommodation is provided by the Company, suitable house rent allowance in lieu thereof may be paid. The expenses on furnishings, gas, electricity, water and other utilities and repairs shall be borne by the Company.
2. Reimbursement of all medical expenses incurred for self and family.
3. Leave travel assistance for self and family not exceeding ₹ 2,00,000 (Rupees Two Lakhs only) per annum.
4. Personal accident insurance, premium whereof does not exceed ₹ 25,000 (Rupees Twenty Five Thousand only) per annum.
5. A car with driver.
6. Telephone, fax and other communication facilities at residence.
7. Fees of clubs subject to a maximum of two clubs, which will include admission fees but will not include life membership fees.
8. Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the Rules of the Company.
9. Gratuity at the rate not exceeding 30 days' salary for each completed year of service as per the Rules of the Company.

10. Leave at the rate of one month for every eleven months of service. Leave not availed of may be encashed at the end of the tenure.

11. Other allowances / benefits, perquisites as per the Rules applicable to the employees of the Company and / or which may become applicable in the future and / or any other allowance, perquisites as the Board may decide from time to time.

    "Family" for the above purpose means spouse, dependent children and dependent parents of the Managing Director.

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

D. COMMISSION:

Commission as may be decided by the Board of Directors based on the net profits of the Company each year.

E. So long as he functions as the Managing Director, he shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

RESOLVED FURTHER THAT Mr. Mahesh Chhabria, Managing Director of the Company, shall be eligible to receive Stock Options / Stock Appreciation Rights of the Company, as decided by the Board or its Committee, from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company hereby authorises for further revision in remuneration payable to Mr. Mahesh Chhabria as the Managing Director of the Company, from time to time, during the tenure of his appointment, without further approval of the members of the Company but with such other approvals, sanctions or permissions, if any, required for such revision in the remuneration.

RESOLVED FURTHER THAT the Company, do enter into the 'Amendment Agreement along with Annexure' with Mr. Mahesh Chhabria, Managing Director of the Company, which be signed by any Director of the Company, on behalf of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company, be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient for giving effect to this resolution."

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, 198, 200 and other applicable provisions, if any, of the Companies Act, 2013, (the Act), read with Schedule V to the Act and the Rules thereunder, (including any statutory modifications or re-enactment thereof for the time being in force), read with Articles 167(A), 167(B) and 167(C) of the Articles of Association of the Company and subject to such other approvals as may be necessary and pursuant to the recommendation of the Nomination and Remuneration Committee (the Committee) and approval of the Board, the consent of the members be and is hereby accorded for the re-appointment of Mr. Mahesh Chhabria (holding DIN 00166049) as the Managing Director of the Company, for a further period of 5 (five) years commencing from 4 July 2022.

RESOLVED FURTHER THAT on the recommendation of the Committee, the remuneration payable to Mr. Mahesh Chhabria, Managing Director of the Company, as detailed below, be and is hereby approved, for the period effective from 4 July 2022 to 3 July 2025, as set out in the Agreement to be entered into between the Company and Mr. Mahesh Chhabria, Managing Director, notwithstanding that such remuneration may exceed the limit specified under Section 197 of the Act, read with Schedule V to the Act:

A. BASIC SALARY:

Basic Salary shall be ₹ 15,00,000 (Rupees Fifteen Lakhs only) per month with effect from 4 July 2022 to 3 July 2025.

B. Remuneration by way of variable incentive, as may be decided by the Board, based on the performance evaluation carried out by the Board.

C. PERQUISITES:

In addition to the aforesaid salary, Mr. Mahesh Chhabria as the Managing Director shall be entitled to the following perquisites:

1. Fully furnished residential accommodation. Where no accommodation is provided by the Company, suitable house rent allowance in lieu thereof may be paid. The expenses on furnishings, gas, electricity, water and other utilities and repairs shall be borne by the Company.

2. Reimbursement of all medical expenses incurred for self and family.

3. Leave travel assistance for self and family not exceeding ₹ 2,00,000 (Rupees Two Lakhs only) per annum.

4. Personal accident insurance, premium whereof does not exceed ₹ 25,000 (Rupees Twenty Five Thousand only) per annum.

5. A car with driver.

6. Telephone, fax and other communication facilities at residence.

7. Fees of clubs subject to a maximum of two clubs, which will include admission fees but will not include life membership fees.

8. Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the Rules of the Company.

9. Gratuity at the rate not exceeding 30 days' salary for each completed year of service as per the Rules of the Company.

10. Leave at the rate of one month for every eleven months of service. Leave not availed of may be encashed at the end of the tenure.

11. Other allowances / benefits, perquisites as per the Rules applicable to the employees of the Company and / or which may become applicable in the future and / or any other allowance, perquisites as the Board may decide from time to time.

    "Family" for the above purpose means spouse, dependent children and dependent parents of the Managing Director.

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

D. COMMISSION:

Commission as may be decided by the Board of Directors based on the net profits of the Company each year.

E. So long as he functions as the Managing Director, he shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

RESOLVED FURTHER THAT Mr. Mahesh Chhabria, Managing Director of the Company, shall be eligible to receive Stock Options / Stock Appreciation Rights of the Company, as decided by the Board or its Committee, from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to revise the remuneration payable to Mr. Mahesh Chhabria, Managing Director of the Company, from time to time, during the period of the term, as stated above, of the present term of his appointment, without further approval of the members of the Company but with such other approvals, sanctions or permissions, if any, required for such revision in the remuneration.

RESOLVED FURTHER THAT the terms of remuneration as set out shall be deemed to form part hereof and in the event of any inadequacy of profits or absence of profits in any financial year during the tenure of the said Managing Director, the aforesaid remuneration comprising salary, perquisites and benefits approved herein be continued to be paid as minimum remuneration to the Managing Director, subject to such other approvals as may be necessary.

RESOLVED FURTHER THAT the Company do enter into an 'Agreement along with Annexure' with Mr. Mahesh Chhabria as the Managing Director of the Company, which be signed by any Director of the Company, on behalf of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company, be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient for giving effect to this resolution."

ITEM NO. 6:

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, 198, 200 and other applicable provisions, if any, of the Companies Act, 2013, (the Act), read with Schedule V to the Act and the Rules thereunder, (including any statutory modifications or re-enactment thereof for the time being in force), Articles 167(A), 167(B) and 167(C) of the Articles of Association of the Company and subject to such other approvals as may be necessary and pursuant to the recommendation of the Nomination and Remuneration Committee (the Committee) and approval of the Board, the consent of the members be and is hereby accorded for the 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.

RESOLVED FURTHER THAT on the recommendation of the Committee, the remuneration payable to Ms. Aditi Chirmule, Executive Director of the Company, as detailed below, be and is hereby approved, for the period effective from 25 January 2022 to 24 January 2025, as set out in the Agreement to be entered into between the Company and Ms. Aditi Chirmule, Executive Director, notwithstanding that such remuneration may exceed the limit specified under Section 197 of the Act read with Schedule V to the Act:

A. BASIC SALARY:

Basic Salary shall be ₹ 4,70,000 (Rupees Four Lakhs Seventy Thousand only) per month with an annual increment of ₹ 35,000 per month (Rupees Thirty Five Thousand only), with effect from 25 January every year.

B. Remuneration by way of variable incentive, as may be decided by the Board, based on the performance evaluation carried out by the Board.

C. PERQUISITES:

In addition to the aforesaid salary, Ms. Aditi Chirmule as the Executive Director shall be entitled to the following perquisites:

1. Reimbursement of all medical expenses incurred for self and family.

2. Leave travel assistance for self and family, once in a year, not exceeding half a month's salary.

3. Provision of car.

4. Telephone at residence and a mobile phone. Personal long-distance calls shall be billed by the Company to the Executive Director.

5. Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the Rules of the Company.

6. Gratuity at the rate not exceeding 30 days' salary for each completed year of service, as per the Rules of the Company.

7. Leave at the rate of 30 days per calendar year of service. Leave calculation for a part of the calendar year at the date of appointment as the Executive Director or on ceasing to be Executive Director shall be made on a pro-rata basis at the rate of two and a half days' leave for every month of service. Leave accumulated and not availed of, may be encashed at the end of tenure as per the Rules of the Company.

8. Other allowances / benefits, perquisites as per the Rules applicable to the employees of the Company and / or which may become applicable in the future and / or any other allowance, perquisites as the Board may decide from time to time.

   "Family" for the above purpose means spouse, dependent children and dependent parents of the Executive Director.

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

D. COMMISSION:

   Commission as may be decided by the Board of Directors based on the net profits of the Company each year.

E. So long as she functions as the Executive Director, she shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

RESOLVED FURTHER THAT Ms. Aditi Chirmule, Executive Director of the Company, shall not be liable to retire by rotation.

RESOLVED FURTHER THAT Ms. Aditi Chirmule, Executive Director of the Company, shall be eligible to receive Stock Options / Stock Appreciation Rights of the Company, as decided by the Board or its Committee from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to revise the remuneration payable to Ms. Aditi Chirmule as the Executive Director of the Company, from time to time, during the tenure of her re-appointment, without further approval of the members of the Company but with such other approvals, sanctions or permissions, if any, required for such revision in the remuneration.

RESOLVED FURTHER THAT the Company do enter into an Agreement with Ms. Aditi Chirmule as the Executive Director which be signed by any Director of the Company, on behalf of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company, be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient for giving effect to this resolution."

ITEM NO. 7:

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 2022-2023.

RESOLVED FURTHER THAT Mr. Mahesh Chhabria, Managing Director, Ms. Aditi Chirmule, Executive Director 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."

ITEM NO. 8:

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, the Rules thereunder and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modifications or re-enactment thereof for the time being in force) and pursuant to the recommendation of the Nomination and Remuneration Committee (the Committee) and approval of the Board, the consent of the members be and is hereby accorded for the 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 and who holds office of Director up to the date of this Annual General Meeting pursuant to the provisions of Section 161 of the Companies Act, 2013, read with Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, to hold office for a term of five (5) consecutive years with effect from 15 October 2021."

ITEM NO. 9:

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. D. Sivanandhan (holding DIN 03607203), whose period of office is liable to expire on 10 May 2022 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 2 February 2026, with effect from 11 May 2022."

ITEM NO. 10:

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

"R**ESOLVED 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. Ashit Parekh (holding DIN 00821577), whose period of office is liable to expire on 3 July 2022 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 of 5 (five) consecutive years with effect from 4 July 2022."

ITEM NO. 11:

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), the Rules thereunder and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modifications or re-enactment thereof for the time being in force) and pursuant to the recommendation of the Nomination and Remuneration Committee (the Committee) and approval of the Board, the consent of the members be and is hereby accorded for the 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 and who holds office of Director up to the date of this Annual General Meeting pursuant to the provisions of Section 161 of the Companies Act, 2013, read with Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, to hold office for a term of five (5) consecutive years with effect from 26 May 2022."

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: 26 May 2022

NOTES:

1. In view of ongoing covid-19 pandemic and preferred social distancing norms to be followed, Ministry of Corporate Affairs (MCA) has allowed the Companies to conduct their Annual General Meeting (AGM) through Video-Conferencing (VC) or Other Audio-Visual Means (OAVM) up to 31 December, 2022 and has dispensed personal presence in this regard.

   In this regard, the MCA has already issued, 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, ("MCA Circulars") and the Securities and Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Regulations), read with the SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12 May 2020 and SEBI Circular No. 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 the 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 28th 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 through 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 to 11 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 Wednesday, 3 August 2022 to Tuesday, 9 August 2022, (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 2 August 2022, 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 2 August 2022.

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
2014-2015	28.08.2015	15.09.2015	200	02.10.2022
2015-2016	10.03.2016	30.03.2016	200	11.04.2023
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

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., 10 August 2021) 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 2014-15, are requested to claim the same by 1 October 2022. 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 2021-2022, the Company has transferred 2,600 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 28th AGM with regard to the Financial Statements or any other matter to be placed at the 28th 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 48 hours in advance before the start of the 28th AGM, i.e., by 7 August 2022, by 11.30 a.m. IST. Those members who have registered themselves as a speaker shall be allowed to ask questions during the 28th 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 28th 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., 2 August 2022.

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 28 July 2022, 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 2021-2022, 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 2021-2022, 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 as under:

For shares held in Physical Form	Visit the link https://linkintime.co.in/emailreg/email_register.html > select the Company 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. On submission of details, One Time Password (OTP) will be received by the member, which needs to be entered in the link for verification. 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.
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 e-mail for inspection by the members. Member may send an e-mail to investorrelations@kirloskar.com for the same.

Electronic copies of necessary statutory registers and auditors' reports / certificates will be available for inspection for 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 28th AGM through VC / OAVM facility and e-voting during the 28th AGM.

28. Instructions for e-voting and procedure for 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 Regulations, 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 28th 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 e-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 AND JOINING GENERAL MEETING ARE AS UNDER:

The remote e-voting period **begins on 6 August 2022 (9.00 a.m.) (IST) and ends on 8 August 2022 (5.00 p.m.) (IST)**. During this period members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date i.e., **Tuesday, 2 August 2022**, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is casted by the member, the member shall not be allowed to change it subsequently.

A member attending the AGM, who has not casted the vote by means of remote e-voting, shall be able to cast the vote at the AGM through e-voting.

Member whose e-mail IDs are registered with the Company / R & T Agent / DPs will receive an e-mail from NSDL. Once the members receive the e-mail, he / she will need to go through the following steps to complete the remote e-voting process:

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 circular SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020, issued by SEBI 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. If you are already registered for **NSDL IDeAS facility**, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com/ either on a personal computer or on a mobile. Once the home page of e-Services is launched, click on the "**Beneficial Owner**" icon under "**Login**" which is available under "**IDeAS**" section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-voting services. Click on "**Access to e-voting**" under e-voting services and you will be able to see e-voting page. Click on options available against company name or **e-voting service provider – NSDL** and you will be re-directed to NSDL e-voting website for casting your vote during the remote e-voting period or joining virtual meeting and voting during the meeting. 2. If the user is 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 held with NSDL), Password / OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on 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. 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 Easi / Easiest, they can login through their User ID and password. Option will be made available to reach e-voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. 2. After successful login of Easi / Easiest the user will also be able to see the e-voting menu. The menu will have links of **e-voting service provider**, i.e., **NSDL**. Click on **NSDL** to cast your vote. 3. If the user is not registered for Easi / Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration. 4. Alternatively, the user can directly access e-voting page by providing Demat Account Number, Income Tax and PAN from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile and e-mail ID as recorded in the demat account. After successful authentication, user will be provided links for the respective ESP, i.e., **NSDL** where the e-Voting is in progress.
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.

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 e-Services, i.e., IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL e-Services after using your log-in credentials, click on e-voting and you can proceed to Step 2, i.e., Cast your vote electronically.

4. Your User ID details are given below:

Manner of holding shares, i.e., Demat (NSDL or CDSL) or Physical	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 One Time Password (OTP) 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. Institutional shareholders (i.e., other than individuals, HUF, NRI, etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on “**Upload Board Resolution / Authority Letter**” displayed under “e-voting” tab in their login

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 queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders, who need assistance before or during the AGM and remote e-voting user manual for members available on the website www.evoting.nsdl.com under the ‘Download Section’. You can contact Ms. Sarita Mote, Assistant Manager through e-mail at evoting@nsdl.co.in or call on toll free no.: 1800 1020 990 and 1800 22 44 30.

   Process for those shareholders whose e-mail IDs are not registered with the Depository Participants / the Company / the R & T Agent 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 e-mail 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 share

holder, 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 Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020, issued by SEBI 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 e-mail 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 casted their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM.

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.

5. In case members casts the vote through e-voting conducted at the time of AGM in addition to the remote e-voting, the voting through remote e-voting shall be considered as final and vote casted through e-voting at the time of the AGM shall be considered as invalid.

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 meeting**" menu against company name. You are requested to click on VC / OAVM link placed under Join 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, e-mail ID, mobile number at investorrelations@kirloskar.com. The same will be replied by the Company suitably.

6. Members who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.co.in or contact Ms. Sarita Mote, Assistant Manager on toll free no. 1800 1020 990 and 1800 22 44 30.

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 2 August 2022.

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., **Tuesday, 2 August 2022**, 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 the Notice and holding shares as of the **cut-off date** i.e., **2 August 2022**, 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., **2 August 2022**, 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 casted 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 forty eight 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: 26 May 2022

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. Anil Alawani (holding DIN 00036153) retires by rotation and being eligible, offers himself for re-appointment.

Mr. Anil Alawani (Aged 76 years) is a Chartered Accountant by profession and has been associated with the Kirloskar Group of Companies since 1977. Prior to his appointment as a Director in the Company, he was Director (Finance) of Kirloskar Oil Engines Limited. Besides his core area of finance and taxation, he has experience in import-export and labour matters. His abilities in corporate tax planning and finance have helped the Company immensely, in financial restructuring and tax benefits.

He was appointed as a Director of the Company on 21 January 2009.

He is a Member of the Audit Committee and the Nomination and Remuneration Committee. He is also a Chairman of the Stakeholders' Relationship Committee and the Corporate Social Responsibility Committee.

Mr. Anil Alawani is also a director in the following other companies:

Name of the Company	Board position held	Committee membership
Kirloskar Ferrous Industries Limited	Director	1. Audit Committee – Member 2. Stakeholders' Relationship Committee – Member 3. Risk Management Committee – Member
S.L. Kirloskar CSR Foundation	Director	-

Mr. Anil Alawani has not resigned from any of the listed entities from the last three years.

Mr. Anil Alawani is holding 2,285 (0.02%) equity shares of the Company.

He attended all seven meetings of the Board of Directors held during the Financial Year 2021-2022.

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

Save and except, Mr. Anil Alawani 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 AND 5 OF THE NOTICE:

The members of the Company accorded their consent in their meeting held on 28 August 2017, by way of ordinary resolution to Mr. Mahesh Chhabria (holding DIN 00166049) as the Managing Director for a term of 5 (five) years with effect from 4 July 2017 and also to the remuneration payable to him.

In terms of the amended provisions of Section 197 (3) of the Companies Act, 2013, (the Act), read with Schedule V to the Act, if in any financial year, a company has no profits or its profits are inadequate, the company may pay to its directors, including any managing or whole-time director or manager, by way of remuneration, any sum in excess of the limits specified in Part A of Section II of Part II of Schedule V, provided that the same has been approved by the members of the Company by way of Special Resolution.

Pursuant to the aforesaid provision, on the recommendation of the Nomination and Remuneration Committee (the Committee) and approval of the Board, the members of the Company in their meeting held on 8 August 2019, had given their consent to the Board for payment for total managerial remuneration in respect of any financial year to any one managing director or whole time director or manager which may exceed 5% of the net profits of the company and / or if there is more than one, such director remuneration which may exceed 10% of the net profits to all such directors and manager taken together and / or total managerial remuneration payable to all the directors which may exceed 11% of the net profits of the company, computed in the manner laid down in Section 198 of the Act. Pursuant to the provision of Schedule V, the companies having no profit or inadequate profit, could fix the managerial remuneration payable to the whole-time directors for a period of three years only.

The members of the Company in their meeting held on 8 August 2019, approved the revision in the remuneration payable to Mr. Mahesh Chhabria, Managing Director of the Company, for a period effective from 1 April 2019 to 31 March 2022, by way of special resolution and also authorised the Board to revise the remuneration payable to him, from time to time, during the period of term, without further approval of the members of the Company but with such other approvals, sanctions or permissions, if any, required for such revisions in the remuneration.

The Ministry of Corporate Affairs (MCA) has notified the maximum remuneration payable by companies having no profit or inadequate profit to the managerial person or other director (non-executive director or an independent director) by amending Schedule V of the Act vide its Notification dated 18 March 2021. The Company may pay to its directors, including any managing or whole-time director or manager, by way of remuneration, any sum in excess of the limits specified in Schedule V, provided the same has been approved by the members of the Company by way of special resolution.

The members of the Company accorded their consent in their meeting held on 10 August 2021, by way of a special resolution for the revision by the addition of the following term to the existing terms and conditions of the remuneration of Mr. Mahesh Chhabria, Managing Director:

"AA. Remuneration by way of variable incentive as may be decided by the Board based on the performance evaluation carried out by the Board with effect from 1 April 2021."

The Board of Directors based on recommendation of the Nomination and Remuneration Committee and subject to the approval of the members of the Company, considered and recommended the remuneration payable to Mr. Mahesh Chhabria, Managing Director of the Company, for a period from 1 April 2022 to 3 July 2022.

Further, the Board of Directors based on recommendation of the Nomination and Remuneration Committee and subject to the approval of the members of the Company, considered the re-appointment of Mr. Mahesh Chhabria as the Managing Director of the Company, for a term of 5 years with effect from 4 July 2022 and also remuneration payable to him for the period effective from 4 July 2022 to 3 July 2025.

Mr. Mahesh Chhabria (Aged 57 years) is a dedicated, focused and accomplished professional with over 31 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.

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 Wabco India Limited)	Independent Director	1. Audit Committee – Chairman 2. 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. IT Strategy Committee – Member
Kirloskar Pneumatic Company Limited	Director	1. Nomination and Remuneration 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

Mr. Mahesh Chhabria has resigned from the following listed entities from the last three years:

1. Deepak Fertilisers and Petrochemicals Corporation Limited; and

2. Tube Investments of India Limited.

Mr. Mahesh Chhabria is holding 53,220 (0.54%) equity shares of the Company.

He attended all seven meetings of the Board of Directors held during the Financial Year 2021-2022.

The remuneration payable to Mr. Mahesh Chhabria, Managing Director, is also subject to the approval of the members as required by the provisions of Section 196 read with Schedule V and other applicable provisions of the Companies Act, 2013.

Following detailed information as per Section II (B) (IV) Of Schedule V of the Companies Act, 2013:

I. GENERAL INFORMATION

1. Nature of industry	The Company operates in three verticals windmill operation, investment and real estate business.
2. Date or expected date of commencement of commercial production	The Company is already in existence.
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not applicable
4. Financial performance based on given indicators	See tables below

Standalone basis:

(₹ in Crores)

Particulars	2021-2022	2020-2021	2019-2020
Total Income	102.67	58.11	86.09
Profit before tax	80.10	32.45	64.92
Profit after tax	60.85	27.19	59.45

Consolidated basis:

(₹ in Crores)

Particulars	2021-2022	2020-2021	2019-2020
Total Income	3,820.78	2,082.27	1,930.05
Profit before tax	568.32	377.73	199.91
Profit after tax	316.18	311.45	150.63

5. Foreign investments or collaborations, if any	The Company does not have any foreign investments or collaborations.
II. INFORMATION ABOUT THE APPOINTEE	
1. Background details	Mr. Mahesh Chhabria (Aged 57 years) is a dedicated, focused and accomplished professional with over 31 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.
2. Past remuneration	His remuneration during FY 2021-2022, is as follows: a. Basic salary ₹ 1,80,00,000 (Rupees One Crores Eighty Lakhs Only); b. Perquisites and other benefits ₹ 7,35,16,210 (Rupees Seven Crores Thirty Five Lakhs Sixteen Thousand Two Hundred Ten Only); c. Commission ₹ 1,20,00,000 (Rupees One Crores Twenty Lakhs Only)
3. Recognition or awards	None
4. Job profile and his suitability	Mr. Mahesh Chhabria, Managing Director is associated with the Company since 2016. His responsibilities as the Managing Director of the Company include executing business strategy and managing the organisation's overall performance and growth. Ever since his joining in the Company, he has been spearheading all the activities of the Company. Mr. Mahesh Chhabria has over 31 years of diverse experience. Considering his qualifications and vast experience, the remuneration proposed is commensurate with his job profile and is justified.
5. Remuneration proposed	The remuneration proposed to be paid to Mr. Mahesh Chhabria, Managing Director, is as per the details set out in the Special Resolutions mentioned at Item Nos. 4 and 5 of this Notice.

6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	There are no set standards for remuneration in the industry. Keeping in view the type / trends in the industry, size of the Company, the profile and responsibilities shouldered by Mr. Mahesh Chhabria, the Company believes that the remuneration proposed to be paid to him as the Managing Director is appropriate and commensurate with the industry standards. Further the remuneration proposed to be paid to him is in accordance with the Nomination and Remuneration Policy of the Company and as per the approval and recommendation of the Nomination and Remuneration Committee of the Board.
7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	Mr. Mahesh Chhabria holds 53,220 equity shares representing 0.54 % of total paid up share capital of the Company. He receives dividend on these shares of the Company. Mr. Mahesh Chhabria has no other pecuniary relationship with the Company except to the extent of his remuneration and shareholding in the Company and that held by his relatives. He is not related to any Director or Key Managerial Personnel of the Company.
III. OTHER INFORMATION	
1. Reasons of loss or inadequate profits	The main operations of the Company are windmill, investment (securities and properties) and real estate activities. The Company's main source of income is income from windmill operation, dividend income, interest income and property licensing fees. Presently, the Company is carrying out its real estate activities through Avante Spaces Limited (Avante), a Wholly-Owned Subsidiary of the Company. Avante is developing its mixed-use development on its land parcel at Kothrud, which needs investment upfront. Avante will generate income when it is fully set up. The Company being Core Investment Company, can invest only in group companies. Considering the above, the Company envisages that the business profitability could be inadequate for payment of remuneration including the commission to the Whole-time Directors of the Company.
2. Steps taken or proposed to be taken for improvement	The Company is exploring various options to access public funds for expansion of its business. The management is also exploring options to utilise treasury balances meaningfully to deliver good returns.
3. Expected increase in productivity and profits in measurable terms	It is difficult to forecast the profitability in measurable terms. However, the profitability may improve and would be comparable with industry average.

Upon receipt of approval of members of the Company, the 'Amendment Agreement along with Annexure' for the period from 1 April 2022 to 3 July 2022 and 'Agreement along with Annexure' for the period from 4 July 2022 to 3 July 2027, will be executed with Mr. Mahesh Chhabria.

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 Special Resolutions set out at Item Nos. 4 and 5 of the Notice for approval by the members.

ITEM NO. 6 OF THE NOTICE:

The Board of Directors based on recommendation of the Nomination and Remuneration Committee and subject to the approval of the members of the Company, considered the re-appointment of Ms. Aditi Chirmule as the Executive Director of the Company, for a term of 5 years with effect from 25 January 2022 and also remuneration payable to her.

Ms. Aditi Chirmule (Aged 55 years) is a Commerce Graduate and Company Secretary. She has been associated with the Kirloskar Group since 1989, and has worked as the Executive Director of the Company from 25 January 2012. She also played a major role in internal and external restructuring of businesses and mergers, acquisitions and formation of joint ventures during her association with the Kirloskar Group.

She is a member of the Stakeholders' Relationship Committee and the Corporate Social Responsibility Committee.

Ms. Aditi Chirmule is not holding any Directorship in any other company.

Ms. Aditi Chirmule has not resigned from any of the listed entities from the last three years.

Ms. Aditi Chirmule is holding 9,992 (0.10%) equity shares of the Company.

She attended all seven meetings of the Board of Directors held during the Financial Year 2021-2022.

The remuneration payable to Ms. Aditi Chirmule, Executive Director, is also subject to the approval of the members as required by the provisions of Section 196, read with Schedule V and other applicable provisions of the Companies Act, 2013.

Following detailed information as per Section II (B) (IV) Of Schedule V of the Companies Act, 2013:

I. GENERAL INFORMATION	
1. Nature of industry	The Company operates in three verticals windmill operation, investment and real estate business.
2. Date or expected date of commencement of commercial production	The Company is already in existence.
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not applicable
4. Financial performance based on given indicators	See tables below

Standalone basis:

(₹ in Crores)

Particulars	2021-2022	2020-2021	2019-2020
Total Income	102.67	58.11	86.09
Profit before tax	80.10	32.45	64.92
Profit after tax	60.85	27.19	59.45

Consolidated basis:

(₹ in Crores)

Particulars	2021-2022	2020-2021	2019-2020
Total Income	3,820.78	2,082.27	1,930.05
Profit before tax	568.32	377.73	199.91
Profit after tax	316.18	311.45	150.63

5. Foreign investments or collaborations, if any	The Company does not have any foreign investments or collaborations.
II. INFORMATION ABOUT THE APPOINTEE	
1. Background details	Ms. Aditi Chirmule (Aged 55 years) is a Commerce Graduate and Company Secretary. She has been associated with the Kirloskar Group since 1989, and has worked as the Executive Director of the Company from 25 January 2012.
2. Past remuneration	Her remuneration during FY 2021-2022, is as follows: a. Basic salary ₹ 51,51,290 (Rupees Fifty One Lakhs Fifty One Thousand Two Hundred Ninety Only); b. Perquisites and other benefits ₹ 35,12,018 (Rupees Thirty Five Lakhs Twelve Thousand Eighteen Only); c. Commission ₹ 40,00,000 (Rupees Forty Lakhs Only)
3. Recognition or awards	None
4. Job profile and her suitability	Ms. Aditi Chirmule has been associated with the Kirloskar Group since 1989 and has played a major role in internal and external restructuring of businesses and mergers, acquisitions and formation of joint ventures during her association with the Kirloskar Group.
5. Remuneration proposed	The remuneration proposed to be paid to Ms. Aditi Chirmule, Executive Director, is as per the details set out in the Special Resolution mentioned at Item No. 6 of this Notice.
6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of her origin)	There are no set standards for remuneration in the industry. Keeping in view the type / trends in the industry, size of the Company, the profile and responsibilities shouldered by Ms. Aditi Chirmule, the Company believes that the remuneration proposed to be paid to her as the Executive Director is appropriate and commensurate with the industry standards. Further the remuneration proposed to be paid to her is in accordance with the Nomination and Remuneration Policy of the Company and as per the approval and recommendation of the Nomination and Remuneration Committee of the Board.

7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	Ms. Aditi Chirmule holds 9,992 equity shares representing 0.10% of total paid up share capital of the Company. She receives dividend on these shares of the Company. Ms. Aditi Chirmule has no other pecuniary relationship with the Company except to the extent of her remuneration and shareholding in the Company and that held by her relatives. She is not related to any Director or Key Managerial Personnel of the Company.
III. OTHER INFORMATION	
1. Reasons of loss or inadequate profits	The main operations of the Company are windmill, investment (securities and properties) and real estate activities. The Company's main source of income is income from windmill operation, dividend income, interest income and property licensing fees. Presently, the Company is carrying out its real estate activities through Avante Spaces Limited (Avante), a Wholly-Owned Subsidiary of the Company. Avante is developing its mixed-use development on its land parcel at Kothrud, which needs investment upfront. Avante will generate income when it is fully set up. The Company being Core Investment Company, can invest only in group companies. Considering the above, the Company envisages that the business profitability could be inadequate for payment of remuneration including the commission to the Whole-time Directors of the Company.
2. Steps taken or proposed to be taken for improvement	The Company is exploring various options to access public funds for expansion of its business. The management is also exploring options to utilise treasury balances meaningfully to deliver good returns.
3. Expected increase in productivity and profits in measurable terms	It is difficult to forecast the profitability in measurable terms. However, the profitability may improve and would be comparable with industry average.

Upon receipt of approval of members of the Company, the 'Agreement along with Annexure' will be executed with Ms. Aditi Chirmule.

Save and except, Ms. Aditi Chirmule and her 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. 6 of the Notice for approval by the members.

ITEM NO. 7 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		
		Dates of vesting	**ESAR due for vesting**	**Vesting condition(s)**
1	Vesting	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 and 3 February 2022, vested 16,500 and 9,900 ESARs, respectively, under the KIL ESARP 2019 to Mr. Vinesh Kumar Jairath, Non-Executive Director of the Company.

Mr. Vinesh Kumar Jairath exercised 15,000 ESARs vested in him during the Financial Year 2021-2022.

If Mr. Vinesh Kumar Jairath exercises all balance vested ESARs in different tranches at different points of time during the Financial Year 2022-2023, 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 2022-2023.

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 2022-2023, 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 the 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 26 May 2022, 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 2022-2023.

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 63 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	9,806 equity shares
Relationship with other Directors and Key Managerial Personnels	None
No. of meetings of the Board attended during the year	He attended all seven meetings of the Board of Directors held during the year 2021-2022

Directorships and Membership / Chairmanship of Committees of other companies	**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. Nomination and Remuneration Committee – Chairman 2. Risk Management Committee – Chairman 3. Audit Committee – Member 4. Corporate Social Responsibility Committee – Member 5. 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. Nomination and Remuneration Committee – Chairman 2. Risk Management Committee – Chairman 3. Audit Committee – Member 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
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 Nos. 7 of the Notice for approval by the members.

ITEM NO. 8 OF THE NOTICE:

The Board of Directors based on recommendation of the Nomination and Remuneration Committee and subject to the approval of the members of the Company, pursuant to the provisions of Section 161 (1) of the Companies Act, 2013, (the Act) and the Articles of Association of the Company, considered the appointment of Mr. Vijaydipak Varma (holding DIN 00011352), as an Additional Director in the capacity of Independent Director with effect from 15 October 2021.

In terms of the provisions of Section 161 (1) of the Act, Mr. Vijaydipak Varma would hold office up to the date of this Annual General Meeting.

He is also proposed to be appointed as an Independent Director for a term of five (5) consecutive years with effect from 15 October 2021, pursuant to the provisions of Section 149 (including other applicable provisions, if any) of the Act and Rules made thereunder.

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

Mr. Vijaydipak Varma is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

Pursuant to the provisions of Section 149 of the Act, an independent director can hold office for a term up to five (5) consecutive years on the Board of a Company and as per Section 152 of the Act, he shall not be included in the total number of directors for retirement by rotation. The Company has received declarations from Mr. Vijaydipak Varma that he meets with the criteria of independence as prescribed under Sub-section (6) of Section 149 of the Act and Regulation 16 (1) (b) of the Regulations.

Mr. Vijaydipak Varma (Aged 70 years), graduated in Mechanical Engineering from the College of Engineering (COEP), Pune. He is a Non-Independent Director on the Board of Swaraj Engines Limited since 2009 and the Chairman of Executive Council of Indian Diesel Engine Manufacturers' Association (IDEMA) since 2010. He was Managing Director / President of Kirloskar Proprietary Limited, who owns brands and trademarks used by Kirloskar Group companies and manages, promotes and protects brands and trademarks and licenses these to users.

Mr. Vijaydipak Varma worked earlier with Kirloskar Oil Engines Limited and held key positions in domestic and export marketing and sales, setting up power plant, heading business to generate and sell power, managing projects in strategy development, process engineering and information technology and was responsible for negotiating, setting up and closing technology transfers and joint ventures, and acquisitions of businesses.

He is a member of the Corporate Social Responsibility Committee, the Audit Committee, the Stakeholders' Relationship Committee and the ESG Steering Committee.

Mr. Vijaydipak Varma is also a director in the following other companies:

Name of the Company	Board position held	Committee membership
Kirloskar Ferrous Industries Limited	Independent Director	1. Audit Committee – Member 2. Stakeholders' Relationship Committee – Member 3. Investments Committee – Member 4. Risk Management Committee – Member 5. ESG Steering Committee – Member
Swaraj Engines Limited	Director	1. Risk Management Committee – Member 2. Corporate Social Responsibility Committee – Member

Mr. Vijaydipak Varma has not resigned from any of the listed entities from the last three years.

Mr. Vijaydipak Varma is holding 1,256 (0.01%) equity shares of the Company.

He attended four meetings of the Board of Directors held during the period from 15 October 2021 to 31 March 2022.

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

The Board is of the opinion that Mr. Vijaydipak Varma fulfills the conditions for his appointment as an Independent Director and also possesses appropriate balance of skills, experience and knowledge so as to enable the Board to discharge its functions and duties effectively and he is independent of the management. Keeping in view his vast expertise and knowledge, it will be in the interest of the Company that he is appointed as an Independent Director.

Copy of the draft letter for appointment of Mr. Vijaydipak Varma 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.

The Statement may also be regarded as a disclosure under Regulation 36 (3) of the Regulations.

Save and except, Mr. Vijaydipak Varma 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 Nos. 8 of the Notice for approval by the members.

ITEM NO. 9 OF THE NOTICE:

The members of the Company in its meeting held on 28 August 2017, appointed Mr. D. Sivanandhan (holding DIN 03607203) as an Independent Director for a term of 5 years by the members of the Company. His term is valid up to 10 May 2022.

Mr. D. Sivanandhan 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 re-appointment of Mr. D. Sivanandhan as an Independent Director of the Company for a second term up to his attaining the age of 75 years, i.e., 2 February 2026 with effect from 11 May 2022, 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. D. Sivanandhan (Aged 69 years) is a Post Graduate in Economics and holds a Masters in Arts degree from University of Madras. Mr. D. Sivanandhan is one of the most highly regarded IPS officers in India, with an illustrious career spanning several postings during his 35 years of service. Mr. D. Sivanandhan has dedicated his life to the eradication of corruption and organised crime and is renowned for his use of strategy and intelligence to uphold the rule of law.

Mr. D. Sivanandhan retired as a DGP of Maharashtra State Police in 2011. Mr. D. Sivanandhan has held several senior positions in Intelligence Bureau, Central Bureau of Investigation and Mumbai Crime Branch and has also served as Commissioner of Police of Nagpur, Thane city and Mumbai. Mr. D. Sivanandhan has worked with RBI as Security Advisor for three years from 2014.

Mr. D. Sivanandhan has been awarded the Meritorious Service Medal (1993), the President's Distinguished Service Medal (2000) and also the Internal Security Medal (1998). In 2017, Mr. D. Sivanandhan was a member of the special task force in the National Security Council Secretariat (Prime Minister's Office) for revamping India's internal and external national security measures.

Mr. D. Sivanandhan was a security advisor to the Reserve Bank of India for three years, and is on the Board of several prestigious companies.

Mr. D. Sivanandhan is now the Chairman of Securus First India Private Limited; a security consultancy company started by him.

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

Mr. D. Sivanandhan is also a director in the following other companies:

Name of the Company	Board position held	Committee membership
United Spirits Limited	Director	1. Corporate Social Responsibility Committee – Member 2. Nomination and Remuneration Committee – Member 3. Stakeholders' Relationship Committee – Chairman
Forbes & Company Limited	Director	1. Audit Committee – Member 2. Nomination and Remuneration Committee – Chairman 3. Stakeholders' Relationship Committee – Chairman 4. Corporate Social Responsibility Committee – Chairman
S. D. Fine Chem Limited	Director	1. Corporate Social Responsibility Committee – Member
Eureka Forbes Limited	Director	1. Audit Committee – Member 2. Corporate Social Responsibility Committee – Member
Seventeen Events Private Limited	Director	--
Securus First India Private Limited	Director	--
Securus First Digital Services Private Limited	Director	--
Ashok Leyland Defence Systems Limited	Director	1. Audit Committee – Member 2. Nomination and Remuneration Committee – Chairman
Arka Fincap Limited	Director	1. Audit Committee – Member 2. Nomination and Remuneration Committee – Chairman 3. Risk Management Committee – Member 4. Allotment Committee – Member 5. IT Strategy Committee – Chairman
Arka Financial Holdings Private Limited	Director	1. Audit Committee – Member 2. Nomination and Remuneration Committee – Chairman 3. Risk Management Committee – Member 4. Corporate Social Responsibility Committee – Member

Mr. D. Sivanandhan has resigned from the following listed entities from the last three years:

1. Eureka Forbes Limited;
2. AGS Transact Technologies Limited; and
3. RBL Bank Limited

Mr. D. Sivanandhan has also co-authored a National best seller titled "Chanakya's seven secrets of leadership".

Mr. D. Sivanandhan founded NGO 'Roti Bank' in Mumbai, Maharashtra, for feeding the unprivileged. The NGO has served 7.8 million free meals in the last three years.

Mr. D. Sivanandhan does not hold any equity shares of the Company.

He attended six meetings of the Board of Directors held during the Financial Year 2021-2022.

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. D. Sivanandhan 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. D. Sivanandhan for the office of Director of the Company. The Board is of the opinion that Mr. D. Sivanandhan 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. D. Sivanandhan 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. Security Systems; and
3. 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. D. Sivanandhan as an Independent Director for a second term up to his attaining the age of 75 years, i.e., 2 February 2026 with effect from 11 May 2022.

Copy of the draft letter for appointment of Mr. D. Sivanandhan 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.

The Statement may also be regarded as a disclosure under Regulation 36 (3) of the Regulations.

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

Save and except, Mr. D. Sivanandhan 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. 9 of the Notice for approval by the members.

ITEM NO. 10 OF THE NOTICE:

The members of the Company in its meeting held on 4 July 2017, appointed Mr. Ashit Parekh (holding DIN 00821577) as an Independent Director for a term of 5 years by the members of the Company. His term is valid up to 3 July 2022.

Mr. Ashit Parekh is associated with the Company for over 5 years as a Board Member and has made a significant contribution towards guiding the Company on various strategic, risks and infrastructure planning and development and 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 re-appointment of Mr. Ashit Parekh as an Independent Director of the Company for a second term of 5 (five) consecutive years with effect from 4 July 2022, pursuant to the provisions of Section 149 of the Companies Act, 2013, (the Act), including other applicable provisions, if any and Rules thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereunder.

Mr. Ashit Parekh (Aged 62 years) has over 30 years of experience in Architecture, construction and the program management industry in India and in US. He worked primarily in the Washington DC area for over 21 years on a diverse portfolio of projects.

Mr. Ashit Parekh has been responsible for the design of several leading educational, industrial, medical and corporate projects. He is no stranger to the varieties of corporate culture and has designed for global conglomerates as well as for emerging private clientele.

Due to his international exposure, he continues to keep abreast with innovation in master planning and building technologies. He has conducted several lecture series on project management, design and master planning issues organised by National Architectural Institutions. He also acts as a Visiting Professor at leading institutions.

He is a member of the Risk Management Committee.

Mr. Ashit Parekh is not holding any Directorship in any other company.

Mr. Ashit Parekh has not resigned from any of the listed entities from the last three years.

Mr. Ashit Parekh does not hold any equity shares of the Company.

He attended all seven meetings of the Board of Directors held during the Financial Year 2021-2022.

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

The Company has also received declaration from Mr. Ashit Parekh that he meets with the criteria of Independence as prescribed under Sub-section (6) of Section 149 of the Act, 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 Act, proposing the candidature of Mr. Ashit Parekh for the office of Director of the Company. The Board is of the opinion that Mr. Ashit Parekh 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. Ashit Parekh 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. Strategy;
2. Risk management; and
3. 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. Ashit Parekh as an Independent Director for a second term of 5 (five) consecutive years with effect from 4 July 2022.

Copy of the draft letter for appointment of Mr. Ashit Parekh 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.

The Statement may also be regarded as a disclosure under Regulation 36 (3) of the Regulations.

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

Save and except, Mr. Ashit Parekh 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 Act, including Rules thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board recommends the Special Resolution set out at Item No. 10 of the Notice for approval by the members.

ITEM NO. 11 OF THE NOTICE:

The Board of Directors based on recommendation of the Nomination and Remuneration Committee and subject to the approval of the members of the Company, pursuant to the provisions of Section 161 (1) of the Companies Act, 2013, (the Act) and the Articles of Association of the Company, considered the appointment of Ms. Purvi Sheth (holding DIN 06449636), as an Additional Director in the capacity of Independent Director with effect from 26 May 2022.

In terms of the provisions of Section 161 (1) of the Act, Ms. Purvi Sheth would hold office up to the date of this Annual General Meeting.

She is also proposed to be appointed as an Independent Director for a term of five (5) consecutive years with effect from 26 May 2022, pursuant to the provisions of Section 149 (including other applicable provisions, if any) of the Act and Rules made thereunder.

The Company has received a notice in writing from a member under Section 160 of the Act, proposing the candidature of Ms. Purvi Sheth for the office of Director of the Company.

Ms. Purvi Sheth is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as a Director.

Pursuant to the provisions of Section 149 of the Act, an independent director can hold office for a term up to five (5) consecutive years on the Board of a Company and as per Section 152 of the Act, she shall not be included in the total number of directors for retirement by rotation. The Company has received declarations from Ms. Purvi Sheth that she meets with the criteria of independence as prescribed under Sub-section (6) of Section 149 of the Act and Regulation 16 (1) (b) of the Regulations.

Ms. Purvi Sheth (Aged 49 years), has completed her Bachelor of Arts Economics & Political Science from St. Xavier's College, Bombay (Stood First in Department of Economics & Political Science), CPD holder in Business Strategy and Leadership Management from Wharton Business School, USA. She is Certified to be Board Director by IICA & Directors Club, Hunt Partners. She is also a Certified POSH Practitioner (NDIM). Trained in Writing and Journalism from Xavier Institute of Communication, Bombay and Youngest Certified Leadership Grid Trainer (Blake & Mouton). She is the youngest Certified GE (General Electric) Recruiter.

Ms. Purvi Sheth is CEO of Shilputsi Consultants with an uncommonly strong talent for building and cultivating trusting relationships with high level corporate executives along with outstanding analytical, strategic and problem-solving skills. She has the superlative ability to translate solutions into practical and profitable application. She is well known as an expert in the identification, analysis, and resolution of diverse operational HR issues, while simultaneously maintaining cultural context, offering superior solutions / services.

She is a skilled presenter, communicator, and trainer and has had great success impacting organisational and leadership performance. This, combined with her focus on adhering to organisational missions and philosophy while positively impacting team and individual growth, make her a distinguished leader in the HR ecosystem.

A second-generation entrepreneur and an accomplished leader, she is responsible for overall business growth and long-term development of Shilputsi Consultants. She has been with the firm for over 25 years and is based in Mumbai, India. As an expert consultant and advisor to some of the most prestigious companies, boards and CEOs, her offering has proven value in business growth, leadership development and execution of complex strategic engagements repeatedly contributing to intellectual capital and organisational enhancement.

She is the Chief Curator and Mentor of two Leadership Mentoring franchises of Shilputsi Consultants, viz.,

LICENSE TO LEAD: Online Leadership Development mentoring program for WOMEN leaders; and

ASCENDENCY: Online Leadership Development mentoring program for high potential young leaders.

Her other achievements are Abhyudaya Award Winner for HR Strategist of the year 2022, Executive Council member of Bombay Management Association, Mentor and Council member Women's Forum at Ascent Foundation for Entrepreneurs (Founded by Harsh Mariwala). She is a speaker at various industry forums, management institutes and conventions as well as a Guest Columnist at multiple leading publications in India and abroad.

She has in the past been the Youngest Member of jury panel for eight consecutive years to judge Business Today's "India's Under 40 Leaders", Mentor at India Connect, an initiative of Tie (The Indus Entrepreneurs), Mumbai, Committee member of Women Leaders at TIE Stree Shakti, Mentor & Advisor to Entrepreneurship Cell at IIT, Mumbai & Kharagpur, Mentor & Advisor to Entrepreneurship Cell at Jamnalal Bajaj Institute of Management, Mumbai, Jury member and mentor at NEN (National Entrepreneurship Network), Jury & panel Member at TATA INNOVISTA (A Tata group wide innovation contest) for two consecutive years, Advisor to XED GLOBAL, a website for global Executive Education and a three time contributor to UK published INDIA BUSINESS GUIDE.

Ms. Purvi Sheth is also a director in the following other companies:

Name of the Company	Board position held	Committee membership
Deepak Nitrite Limited	Independent Director	1. Nomination and Remuneration Committee – Member
Imagine Marketing Limited	Independent Director	1. Nomination and Remuneration Committee – Chairperson 2. Corporate Social Responsibility Committee – Member
Lastaki Advisors Private Limited	Director	-
Nirigyan Information Consulting and Services Private Limited	Director	-
Kirloskar Oil Engines Limited	Independent Director	-

Ms. Purvi Sheth has not resigned from any of the listed entities from the last three years.

Ms. Purvi Sheth is holding NIL equity shares of the Company.

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

The Board is of the opinion that Ms. Purvi Sheth fulfills the conditions for her appointment as an Independent Director and also possesses appropriate balance of skills, experience and knowledge so as to enable the Board to discharge its functions and duties effectively and she is independent of the management.

Ms. Purvi Sheth 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. Strategy;
2. Risk management;
3. Finance; and
4. Corporate restructuring.

Keeping in view her vast expertise and knowledge, it will be in the interest of the Company that she is appointed as an Independent Director.

Copy of the draft letter for appointment of Ms. Purvi Sheth as an Independent Director setting out the terms and conditions is available for inspection at the website of the Company, viz., www.kirloskarindustries.com.

The Statement may also be regarded as a disclosure under Regulation 36 (3) of the Regulations.

Save and except, Ms. Purvi Sheth and her 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. 11 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: 26 May 2022

Board's Report for the Financial Year 2021-2022

To The Members,

The Directors have pleasure in presenting this 28th Annual Report with the Audited Annual Accounts of the Company for the year ended 31 March 2022.

I. FINANCIAL PERFORMANCE (STANDALONE):

(₹ in Crores)

Particulars	2021-2022	2020-2021
Total Income	102.67	58.11
Total Expenditure	22.57	25.66
Profit before exceptional items and taxation	80.10	32.45
Profit before taxation	80.10	32.45
Provision for tax (including Deferred Tax)	19.25	5.26
Net Profit	60.85	27.19
Balance of Profit / (Loss) from previous year	541.66	514.30
Less: Re-measurement of defined benefit plans (net of Taxes)	0.02	0.17
Dividend paid on equity shares:		
Final Dividend	9.71	--
Profit available for appropriation	592.82	541.66
Balance carried to Surplus in Statement of Profit and Loss	592.82	541.66

II. DIVIDEND:

Your Directors recommend 100 % dividend, i.e., ₹ 10 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 2022.

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. 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 the public funds and is complying with all the regulations required for an 'Unregistered CIC'.

IV. ALTERATION OF MAIN OBJECT CLAUSE OF MEMORANDUM OF ASSOCIATION OF THE COMPANY

The members of the Company through a postal ballot on 14 October 2021, had approved the alteration of the Main Object Clause of the Memorandum of Association of the Company to carry out the activities as a Registered Core Investment Company and accessing public funds.

V. 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 0.82 Crores units of electricity in the period under review as against 0.68 Crores units of electricity in the previous year showing an increase of 20% over the previous year. During the previous year, the generation of units from windmills had gone down due to lower wind speed and motor winding issues related to one of the seven WEGs in operation. The management had taken corrective steps for improving the monitoring system of operation and maintenance of WEGs with the help of operation and maintenance service provider resulting in higher unit generation in the current year. During the year under review and till the date of this Report, all WEGs were operational at full capacity.

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 the 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 8,778 RECs, which has resulted in revenue of ₹ 0.88 Crores (previous year ₹ 0.03 Crores). The Company is holding 7,676 unsold RECs as on 31 March 2022. The REC Trading Exchange was not in operation in quarters 1 and 2 and hence no sale transaction could be done during these quarters.

REAL ESTATE ACTIVITIES:

The Company transferred its 'Real Estate Business Undertaking at Kothrud' on a going concern basis by way of a 'Slump Sale' to the Company, for a lump sum consideration of ₹ 75 Crores, by executing the Business Transfer Agreement (BTA) by and between the Company and Wellness Space Developers Private Limited (now known as Avante Spaces Limited (Avante)) dated 19 December 2020. The said purchase consideration was required to be paid by Avante, on or before 30 June 2021, or such other date as mutually agreed.

In terms of BTA, Avante allotted 6,00,00,000 Unsecured Optionally Convertible Debentures of ₹ 10 each to the Company, for a consideration other than cash amounting to ₹ 60 Crores. The balance consideration of ₹ 15 Crores out of the total payable of ₹ 75 Crores, was paid in cash by Avante on 24 June 2021.

Accordingly, the entire purchase consideration payable to the Company under the BTA was settled by Avante before 30 June 2021.

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 ₹ 27.08 Crores (₹ 25.41 Crores as on 31 March 2021).

The Company is an 'Unregistered CIC' that continues to invest surplus funds in fixed deposits and liquid funds. These investments stood at ₹ 11.83 Crores (previous year ₹ 81.60 Crores) as at 31 March 2022.

During the year under review, the Company has liquidated mutual funds and used the proceeds to give loans to Avante Spaces Limited (Avante), a Wholly-Owned Subsidiary of the Company, for the development of its real estate activities.

During the year under review, your Company made investments of ₹ 15 Crores in the equity shares of Avante.

The Company also purchased one preference share of Kirloskar Proprietary Limited at the rate of ₹ 100.

B. COMPANY PERFORMANCE:

During the period under review, your Company earned a total income of ₹ 102.67 Crores (previous year ₹ 58.11 Crores).

During the period under review, the Company received a final dividend of ₹ 45.78 Crores (previous year ₹ 9.41 Crores) declared by the investee companies for the Financial Year 2020-2021.

The Company also received an interim dividend of ₹ 19.92 Crores (previous year ₹ 15.36 Crores) declared by some of the investee companies during the year 2021-2022. Consequently, the total dividend inflow during the fiscal year under review was ₹ 65.70 Crores (previous year ₹ 24.77 Crores).

The Profit Before Tax (PBT) is at ₹ 80.10 Crores (previous year ₹ 32.45 Crores). The substantial increase in the PBT is mainly due to the receipt of the dividend on its investments at a higher rate.

C. HUMAN RESOURCES:

As on 31 March 2022, the Company had 13 employees (previous year 14 employees) on its roll, including the Managing Director and the Executive Director.

D. 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.

Pursuant to the KIL ESARP 2019, the Company had granted an aggregate of 4,70,898 Equity Settled Stock Appreciation Rights (ESARs) at an exercise price of ₹ 500 per ESAR to eligible employees of the Company on 30 January 2020.

Consequent to the Business Transfer Agreement (BTA) dated 19 December 2020, executed by and between the Company and Avante Spaces Limited (Avante), a Wholly-Owned Subsidiary of the Company, certain employees of the Company were transferred to Avante with effect from 1 January 2021.

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 had vested 1,14,160 ESARs, in the employees of the Company; employees of Avante who were transferred from the Company under the BTA; 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 2022, are set out in '**Annexure I**' to this Report and are available on the Company's website at www.kirloskarindustries.com.

E. 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.

F. PROSPECTS:

Wind energy generation is largely dependent on natural factors such as the velocity of wind, continuity of the flow, etc., and is unpredictable and beyond control. The business is also largely impacted adversely by changes made by the Regulatory Authorities in the open access policies.

The market for Renewable Energy Certificates (RECs) continues to be sluggish, this trend is expected to continue in the current Financial Year.

G. 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.

H. 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.

I. 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.

J. DETAILS OF MATERIAL SUBSIDIARY:

In terms of the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Kirloskar Ferrous Industries Limited (KFIL) is a material subsidiary of the Company, in which, the Company holds 50.93% of its total shareholding.

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

K. SUBSIDIARY COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS:

Kirloskar Ferrous Industries Limited (KFIL), a listed material subsidiary of the Company, has acquired a controlling interest and holds 51.25% of the issued, subscribed, and paid-up equity share capital of ISMT Limited (ISMT) and ISMT has, therefore, 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, (the Act).

Consequently, pursuant to the provisions of Section 2(87)(ii) of the Act, ISMT has become a subsidiary of the Company with effect from 10 March 2022.

Accordingly, the Company has the following subsidiaries as on 31 March 2022:

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 Act, 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:

During the year under review, the name of 'Wellness Space Developers Limited', a Wholly-Owned Subsidiary of the Company has been changed to 'Avante Spaces Limited' (Avante) with effect from 29 June 2021.

The Board of Directors of Avante in its meeting held on 23 July 2021, had approved a revised plan in respect of mixed-use development on land parcels bearing Survey Numbers 13/A, 13/B/C/D, 156A, 156B, 156C/2, 12/2, and 12/5 at Kothrud, Pune, of approximately 1.8 million sq. ft. leasable area, as per the revised Concept Design Drawings and strategies presented before the Board. This has been done pursuant to the Unified Development Control Regulation notified on 2 December 2020, which has had a positive impact on the project development for Floor Space Index (FSI) and leasable area.

In furtherance of the same, Avante has taken various measures for the development of the land parcels at Kothrud.

The works continued on design, project execution and statutory fronts as per the project plan in spite of COVID-19 waves during the year. Commodity prices also increased substantially impacting the project cost. Avante mitigated the impacts by taking various measures and it is under control within the overall Project Plan.

During the year, Avante has spent ₹ 119.71 Crores on real estate activities.

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.

The Board of Directors of KFIL declared an interim dividend of ₹ 2.50 (50%) per equity share on 24 January 2022 and paid on 18 February 2022.

The Board of Directors of KFIL in its meeting held on 17 May 2022, has also recommended a final dividend of ₹ 3 (60%) per equity share for the Financial Year ended 31 March 2022. Accordingly, the total dividend (inclusive of interim dividend declared and paid) for the Financial Year 2021-2022 is 110%.

KFIL achieved Net Sales of ₹ 3,614.97 Crores as compared to ₹ 2,038.08 Crores in the previous year. The Profit Before Tax for the year under review stood at ₹ 542.69 Crores as compared to ₹ 363.19 Crores of the previous year after providing for depreciation and amortisation.

During the year under review, KFIL maintained the leadership position in the castings business, which recorded a growth of 23.60% over previous year, with substantial capacity utilisation improvement in Foundry Line II at Koppal Plant. The operations of the Pig Iron Plant of KFIL at Hiriyur was stabilised and the Sinter project was completed as per the timeline. The plant was operational throughout the year and contributed both in volume growth and value growth of KFIL.

KFIL sold 4,95,555 MT of Pig Iron (includes 1,50,431 MT from Hiriyur Plant) valued at ₹ 2,201.77 Crores as compared to 3,13,690 MT of Pig Iron valued at ₹ 1,067.32 Crores in the previous 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 which was at around ₹ 34,000 per MT in the previous year went upto around ₹ 44,400 per MT during the year under review.

KFIL sold 1,14,342 MT of castings aggregating to ₹ 1,289.63 Crores during the financial year 2021–2022 as compared to 92,507 MT castings aggregating to ₹ 874.40 Crores in the previous financial year.

The demand for the casting was strong led by the tractor industry in the first two quarters of the year and later led by the commercial vehicle industry and auto sector.

During the year under review, KFIL was successful in increasing sale prices of pig iron with the increase in the input material costs.

During the year under review, iron ore prices increased from around ₹ 6,500 per MT in April 2021 to around ₹ 8,000 per MT by June 2021 and prices remained range bound till October 2021. However, prices started reducing from November 2021 and touched around ₹ 6,000 per MT by March 2022. The fluctuation in iron ore prices is mainly attributed to variation in steel production in China.

During the year under review, prime coking coal prices which was around USD 135 per MT in the first quarter moved upto USD 430 per MT by January 2022 due to inclement weather and pandemic restrictions resulting in reduced production of coal in Australia. Further, the Russia Ukraine war contributed to increased prices for prime coking coal from USD 430 per MT to around USD 625 per MT by the end of March 2022.

KFIL mitigated the risk of variation in the coking coal prices by strategic sourcing of coking coal when the prices of coking coal were economical. Further during the year, the agreement for conversion of coal to coke helped in mitigating the coke price fluctuations. Both these strategies Contributed in substantial reduction in coke costs and helped in increasing the profitability of KFIL.

The Coke Oven Plant and the Power Plant were operated throughout the year at rated capacity, which helped KFIL to achieve substantial improvement in cost reduction and thereby contributing to the profitability of KFIL.

KFIL continuously worked on improving the casting sales volume growth and quality at both locations of Koppal and Solapur, which has resulted increase in the casting sales growth of 23.60% over the previous year and achieved the total rejection of 5.20%.

During the year under review, the major raw material, alloys and chemicals prices have gone up substantially. KFIL was successful in passing the increase in the input cost to the customers through established price adjustment mechanism.

KFIL continues to focus on increasing the revenue from supply of castings in machined condition and around 12% of casting were sold in machined condition.

KFIL worked on optimisation of interest rates by availing credit facilities at competitive rates and effectively managed the working capital thereby reducing the interest expenses.

KFIL hedged import transactions of input materials by taking forward covers to minimize the impact of fluctuations in the forex currencies.

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KFIL hedged import transactions of input materials by taking forward covers to minimize the impact of fluctuations in the forex currencies.

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

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

- The Sinter Plant at Hiriyur was commissioned in November 2021 and was stabilised by January 2022. This has helped in reducing the coke consumption and dependency on iron ore lumps by replacing with iron ore fines thereby reducing the manufacturing costs and increasing the profitability.
- The Company has undertaken various projects for debottlenecking and improving the capacity utilisation and also undertook up-gradation on technology / infrastructure in foundry and machine shop both at Koppal and Solapur units, to meet the increasing demand for castings from the customers.

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

- Setting up of new moulding line at Solapur with contemporary technology with a capacity of 40,000 MT per annum.
- Establishment of Coke Oven Phase II to enhance the coke capacity from 2 lakhs MT per annum to 4 lakhs MT per annum and Power Plant (using waste gas generated from Coke Oven plant).
- Upgradation of Mini Blast Furnace II with Bell-less top equipment.
- Installation of Pulvarised Coal Injection into Mini Blast Furnaces with Oxygen enrichment facility.
- Expanding machining capacity to add more value.

ISMT Limited (ISMT)

During the year under review, KFIL has acquired sole control over ISMT on 10 March 2022, by acquiring 154,000,000 equity shares of ₹ 5 each of ISMT (i.e., 51.25%) through preferential allotment pursuant to terms of the Share Subscription Agreement dated 25 November 2021, executed between KFIL, ISMT and certain promoters forming the promoter group of ISMT. Consequent to the aforesaid allotment of equity shares, ISMT 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, (the Act).

Consequently, pursuant to the provisions of Section 2 (87) (ii) of the Act, ISMT has become a subsidiary of the Company with effect from 10 March 2022.

ISMT (earlier known as The Indian Seamless Metal Tubes Limited) has been incorporated as a public limited company in the year 1977 and commenced production of seamless tubes in the year 1980. It has steel production facility at Jejuri in Maharashtra and seamless tube and pipes manufacturing units at Ahmednagar and Baramati in Maharashtra. It also has a captive power plant (presently not in operation) located at Chandrapur in Maharashtra.

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

Performance Highlights:

(₹ in Crores)

Name and Registered Office of ISMT	Percentage Holding of KFIL	Particulars	Consolidated Financials for FY 2021-2022
ISMT Limited Panama House, Viman Nagar, Pune 411014 Maharashtra India	51.25	Total Income	2,182.03
		Total Expenses	2,176.50
		Profit before Exceptional Items and Tax	5.53
		Exceptional Items	(2,511.36)
		Profit before Tax	2,516.91
		Tax expenses	142.83
		Profit after Tax	2,347.08
		Other Comprehensive Income	(6.21)
		Total Comprehensive Income	2,367.87

L. 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 thereof:

Sr. No.	Particulars	Ratio as on 31 March 2022	Ratio as on 31 March 2021	% of Change	Explanations, if any
i.	Debtors' Turnover (in no of days)	32	6	433	Refer Note No. 1
ii.	Inventory Turnover (in no. of days)	1	2	(40)	Refer Note No. 2
iii.	Interest Coverage Ratio	-	-	-	Refer Note No. 3
iv.	Current Ratio	1.19	3.80	(69)	-
v.	Debt Equity Ratio	-	-	-	Refer Note No. 4

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. The Company does not have any borrowings.

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

M. 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 2022	Ratio as on 31 March 2021	% of Change	Explanations, if any
1.	Net worth	3.77	1.92	1.85	Refer Note No. 1

Note:

1. Return on Net Worth has increased since net profit has increased in spite of increase in net worth due to a significant increase in fair market value of equity instruments from 31 March 2021 to 31 March 2022.

VI. 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 2020-2021, is available on the website of the Company, viz., www.kirloskarindustries.com and the Annual Return for the Financial Year 2021-2022, 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 period 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 2022, 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 2022 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 period 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 relating to Electricity Industry (Windmills) for the Financial Year 2021-2022.

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 2021-2022.

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 2021-2022.

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 2022.

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 period under review, your Company has given a loan of ₹ 139.65 Crores to Avante Spaces Limited (Avante), a Wholly Owned Subsidiary Company. Your Company has not granted any guarantee.

During the period under review, the Company has invested of ₹ 15 Crores in equity capital of Avante. The Company also purchased one preference share of Kirloskar Proprietary Limited at the rate of ₹ 100. The details are given in the Financial Statements.

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. 45 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.

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:

There have been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the Financial Year of the Company to which the Financial Statements relate and the date of this Report.

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:**

(₹ in Crores)

Particulars	Amount
Foreign exchange earnings	Nil
Foreign exchange Outgo	Nil

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, the Audit Committee, and the Board of Directors of the Company from time to time.

During the year under review, the Risk Management Policy developed by the Company guides the risk management processes which are in line with the nature of the Company's operations.

The risk management process works at various levels across the organisation. 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 Crores)

Name and Registered Office of the Subsidiary Company	% Holding	Particulars	2021-2022 Amount
Avante Spaces Limited, Office No. 801, 8th Floor, Cello Platina, Fergusson College Road, Shivajinagar, Pune 411 005	100	Total income	1.14
		Profit / (Loss) before tax	(4.25)
		Tax expenses (including deferred tax)	(0.57)
		Profit / (Loss) for the year	(3.68)
		Other comprehensive income for the year	(0.22)
		Total comprehensive income for the period	(0.16)
		Profit / (Loss) brought forward from previous year	(1.02)
		Final Dividend paid on equity shares	Nil
		Tax on above Dividend	Nil
		Profit / (Loss) available for appropriation	(3.68)
		Transfer to General Reserves	Nil
		Balance carried to surplus / (deficit) in the Statement of Profit and Loss	(4.86)

(₹ in Crores)

Name and Registered Office of the Subsidiary Company	% Holding	Particulars	2021-2022 Amount
Kirloskar Ferrous Industries Limited, 13, Laxmanrao Kirloskar Road, Khadki, Pune 411 003	50.93	Total income	3,626.26
		Profit before tax	542.69
		Tax expenses	136.59
		Profit for the year	406.10
		Other comprehensive income for the year	3.41
		Total comprehensive income for the period	409.51
		Profit brought forward from previous year	659.65
		Transfer from Share Options	(2.87)
		Final Dividend paid on equity shares	(41.53)
		Interim dividend paid on equity shares	(34.67)
		Transfer to General Reserves	(5.00)
		Balance carried to surplus in the Statement of Profit and Loss	985.09

(₹ in Crores)

Name and Registered Office of the Associate Company	% Holding	Particulars	2021-2022 Amount
# Kirloskar Brothers Limited, Yamuna, S. No. 98/3 to 7, Plot No. 3, Baner, Pune 411 045	23.91	Total income	2,201.60
		Total expenditure	2,065.40
		Profit before exceptional items and taxation	136.20
		Profit before taxation	111.10
		Provision for tax (including Deferred Tax)	32.90
		Net profit	78.20
		Other comprehensive income	2.80
		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 Reserves	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 2022.

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

In Financial Year 2021-2022, 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. Atul Kirloskar	Chairman	Re-appointed w.e.f. 10 August 2021, subject to retirement by rotation.
Mr. Vinesh Kumar Jairath	Non-Executive Director	Re-appointed w.e.f. 10 August 2021, subject to retirement by rotation.
Ms. Aditi Chirmule	Executive Director	The Board of Directors in its meeting held on 30 October 2021, re-appointed Ms. Aditi Chirmule as the Executive Director of the Company, for a period of 5 years with effect from 25 January 2022, subject to the approval of the members in the ensuing Annual General Meeting.
Mr. D. Sivanandhan	Independent Director	Re-appointed w.e.f. 11 May 2022, as an Independent Director to hold office for a second term up to his attaining the age of 75 years, i.e., up to 2 February 2026, with effect from11 May 2022, subject to the approval of the members in the ensuing Annual General Meeting.

Mr. Atul Kirloskar and Mr. Vinesh Kumar Jairath retired by rotation and were re-appointed in the Annual General Meeting held on 10 August 2021.

Key Managerial Personnel appointed during the year:

During the period under review, the Company has not appointed any Key Managerial Personnel.

Directors and Key Managerial Personnel resigned during the year 2021-2022:

During the year under review, Mr. Sunil Shah Singh, ceased to be an Independent Director of the Company, with effect from 19 October 2021, on completion of his tenure as an Independent Director. Mr. Nihal Kulkarni, resigned as a Director of the Company, with effect from 9 February 2022.

During the year under review, Mr. Umesh Shastry resigned as a Chief Financial Officer of the Company, with effect from 1 February 2022.

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

Mr. Anil Alawani 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. Anil Alawani.

On the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company in its meeting held on 26 May 2022, has re-appointed Mr. Mahesh Chhabria as the Managing Director of the Company, for a term of 5 years with effect from 4 July 2022.

A proposal for his re-appointment as the Managing Director of the Company with effect from 4 July 2022, for a term of 5 years and remuneration payable to him for the period effective from 4 July 2022 to 3 July 2025, is being placed before the members for their approval at the ensuing Annual General Meeting.

On the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company in its meeting held on 30 October 2021, has re-appointed Ms. Aditi Chirmule as the Executive Director of the Company, for a further period of 5 consecutive years with effect from 25 January 2022.

A proposal for her re-appointment as the Executive Director of the Company with effect from 25 January 2022, for a term of 5 years and remuneration payable to her for the period effective from 25 January 2022 to 24 January 2025, is being placed before the members for their approval at the ensuing Annual General Meeting.

On the recommendation of the Nomination and Remuneration Committee, in accordance with the provisions of Section 161 of the Companies Act, 2013, (the Act), read with the Articles of Association of the Company, the Board of Directors of the Company co-opted Mr. Vijaydipak Varma and Ms. Purvi Sheth as Additional Independent Directors with effect from 15 October 2021 and 26 May 2022, respectively.

Mr. Vijaydipak Varma and Ms. Purvi Sheth hold office up to the date of the ensuing Annual General Meeting of the Company. The Company has received a requisite notice under Section 160 of the Act, in writing from a member signifying intention to propose the appointment of Mr. Vijaydipak Varma and Ms. Purvi Sheth as candidates for the office of Directors at the ensuing Annual General Meeting. Mr. Vijaydipak Varma and Ms. Purvi Sheth are eligible for appointment.

In the opinion of the Board of Directors, Mr. Vijaydipak Varma and Ms. Purvi Sheth fulfill the conditions specified in the Act, and Rules thereunder and also 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 they are independent of the management.

Mr. Vijaydipak Varma is exempted from passing the online proficiency test pursuant to the provisions of Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

Ms. Purvi Sheth has passed online proficiency test pursuant to the provisions of Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

The Company has also received requisite disclosures / declarations from Mr. Vijaydipak Varma and Ms. Purvi Sheth under Section 149 of the Act, and other applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements), 2015, (the Regulations) and its amendments thereunder.

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. D. Sivanandhan and Mr. Ashit Parekh, as Independent Directors to hold office for a second term up to 2 February 2026, and 3 July 2027, respectively.

In the opinion of the Board of Directors, Mr. D. Sivanandhan and Mr. Ashit Parekh fulfill the conditions specified in the Act and Rules thereunder and also 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 they are independent of the management.

Mr. D. Sivanandhan is exempted from passing the online proficiency test and Mr. Ashit Parekh has passed the online proficiency test.

The Company has also received requisite disclosures / declarations from Mr. D. Sivanandhan and Mr. Ashit Parekh 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:**

Kirloskar Ferrous Industries Limited (KFIL), a subsidiary company of the Company has acquired a controlling interest and holds 51.25% of the issued, subscribed and paid-up equity share capital of ISMT Limited (ISMT) and that ISMT has, therefore, 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, (the Act).

Consequently, pursuant to the provisions of Section 2 (87) (ii) of the Act, ISMT has become a subsidiary of the Company with effect from 10 March 2022.

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:**

The composition of the Audit Committee has been reported in the Report on Corporate Governance annexed to this Report.

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 the 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.

VII. 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.

VIII. 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.

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

During the period 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 period under review, four meetings of the Committee were held on 29 April 2021, 29 July 2021, 20 October 2021, and 5 January 2022.

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.

The details of complaints filed, disposed off, and pending during the Financial Year pertaining to sexual harassment is provided in the Business Responsibility Report of this Report.

X. CASH FLOW:

A Cash Flow Statement for the year ended 31 March 2022, is attached to the Balance Sheet as a part of the Financial Statements.

XI. COMPLIANCES WITH RESPECT TO APPLICABLE SECRETARIAL STANDARDS:

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

XII. 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.

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

(₹ in Crores)

Sr. No.	Name of Director	Designation	Remuneration received / receivable from Kirloskar Ferrous Industries Limited, Subsidiary Company	Remuneration received / receivable from Avante Spaces Limited, Wholly-Owned Subsidiary Company
1	Mr. Mahesh Chhabria	Managing Director	0.82	Nil
2	Ms. Aditi Chirmule	Executive Director	Nil	Nil

XIV. BUSINESS RESPONSIBILITY REPORT:

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Regulations), mandate the inclusion of the Business Responsibility Report (BRR) as part of the Annual Report for top 1000 listed entities based on market capitalisation. In compliance with the Regulations, the Company has integrated BRR disclosures into the 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

Sd/-
ATUL KIRLOSKAR
CHAIRMAN
DIN 00007387

Pune: 26 May 2022

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 2022

A. Relevant disclosures in terms of the 'IND AS 102 – Share - Based Payments' notified under Section 133 of the Companies Act, 2013, 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 Companies Act, 2013, 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 ₹ 61.04.

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
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 yea

Particulars	KIL ESARP 2019
Number of ESARs outstanding at the beginning of the period (Nos.)	4,70,898
Number of ESARs granted during the year	Nil
Number of ESARs cancelled during the year	Nil
Number of ESARs forfeited / lapsed during the year	24,000
Number of ESARs vested during the year	1,14,160
Number of ESARs exercised during the year	1,07,172
Number of shares arising as a result of exercise of ESARs	71,612
Money realised by exercise of ESARs (INR), if scheme is implemented directly by the Company	7,16,120
Number of ESARs outstanding at the end of the year	3,39,726
Number of ESARs exercisable at the end of the year	2,21,437

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	NA
Weighted-average Fair Value	NA

vi. Employee wise details (name of employee, designation, number of ESARs granted) during the Financial Year 2021-2022 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 vested during the Year 2020-2021	No. of ESARs vested during the Year 2021-2022
1.	Mr. Mahesh Chhabria	Managing Director	2,31,000	Nil	Nil	1,15,500	50,000
2.	Ms. Aditi Chirmule	Executive Director	48,540	Nil	Nil	24,270	14,560
3.	Mr. Umesh Shastry (resigned w.e.f 1 February 2022)	Chief Financial Officer	36,000	Nil	Nil	12,000	NA
4.	Mrs. Ashwini Mali	Company Secretary	24,270	Nil	Nil	12,135	7,200
5.	Mr. Jagdish Purandare	Head – Human Resource	18,000	Nil	Nil	6,000	6,000
		Total	3,57,810	Nil	Nil	1,69,905	77,840

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 vested during the Year 2020-2021	No. of ESARs vested during the Year 2021-2022
1.	Mr. Vinesh Kumar Jairath	Non-Executive Director	33,000	Nil	Nil	16,500	9,900
		Total	33,000	Nil	Nil	16,500	9,900

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 the Year 2019-2020	No. of ESARs granted during the Year 2020-2021	No. of ESARs granted during the Year 2021-2022
1.	Mr. Mahesh Chhabria	Managing Director	2,31,000	Nil	Nil
2.	Mr. Aditi Chirmule	Executive Director	48,540	Nil	Nil
3.	Mr. Umesh Shastry	Chief Financial Officer	36,000	Nil	Nil
4.	Mrs. Ashwini Mali	Company Secretary	24,270	Nil	Nil
5.	Mr. Vinesh Kumar Jairath	Non-Executive Director	33,000	Nil	Nil

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
1.	Mr. Mahesh Chhabria	Managing Director	2,31,000 (2.38%)	Nil	Nil

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. 46 forming parts of the Financial Statements.

ANNEXURE-II TO THE BOARD'S 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

SECRETARIAL AUDIT REPORT

[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, read with Regulation 24A of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015]

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

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 Authorised Representatives during the conduct of the Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on 31 March 2022, 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 2022, 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; - [No incidence during the audit period, hence not applicable]

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, read with 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; - [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 Companies Act, 2013, (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 12 July 2021, 9 February 2022 and 25 March 2022, were convened at the shorter notice in compliance with the provisions of the Act, 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) The Ministry of Corporate Affairs (MCA), carried out an inspection of books of accounts and other statutory records of the Company under Section 206 (5) of the Act.

(b) The result of the Postal ballot was declared on 14 October 2021, declaring the passing of a special resolution pursuant to the provision of Section 13 of the Act, for alteration of Main Object Clause by insertion of new clause related to carrying out the activities of the Company as a Registered Core Investment Company and accessing the public funds.

(c) Mr. Nihal Kulkarni resigned as a Non-Executive Director of the Company vide letter dated 9 February 2022. The Board of Directors in its meeting held on 9 February 2022, accepted his resignation with immediate effect and took the same on record. The Board of Directors in the same meeting also noted the intention of Mr. Nihal Kulkarni and his family members of exiting as promoters and shareholders of the Company in due course, as communicated in their Letter dated 9 February 2022. The same was submitted with the Stock Exchanges.

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: 26 May 2022
Place: Pune
PR – 1089/2021
UDIN: F000810D000387207

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. Whereever 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.

Sd/-
Signature:
Mahesh J. Risbud

Place: Pune
Date: 26 May 2022
FCS No.: 810
C. P. No.: 185
UCN: S1981MH000400

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 year	Number of meetings of CSR Committee attended during the year
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. Sunil Shah Singh (ceased to be a member of the Committee with effect from 19 October 2021)	Independent Director	3	3
4.	Mr. Vijaydipak Varma (appointed as a member of the Committee with effect from 30 October 2021)	Independent Director	*	*

*No meeting was held after the induction of Mr. Vijaydipak Varma to the Committee.

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/77955810/composition-committees.pdf/45253f52-fete-167d-153c-do866400bfc8t=1652167690087

b. CSR Policy: https://www.kirloskarindustries.com/documents/779558/od204520-e92f-351e-99ee-8bo9feobbea6

c. CSR Projects approved by the Board: https://www.kirloskarindustries.com/documents/779558/fob77426-5085-fo5e-af462415d79b

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

Not applicable as the average CSR obligation is not ₹ 10 Crores or more in the three immediately preceding financial years.

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

(₹ in Lakhs)

Sr. No.	Financial Year	Amount available for set off from preceding financial year	Amount required to be set off for the financial year, if any
1	2021-2022	1.25	NA

6. Average net profit of the Company as per Section 135 (5) : ₹ 999.37 Lakhs

7.

a. **Two percent of average net profit of the company as per Section 135 (5) :** ₹ 19.99 Lakhs.

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

c. **Amount required to be set off for the Financial Year:** ₹ 1.25 Lakhs.

d. **Total CSR obligation for the Financial Year (7a+7b-7c):** ₹ 18.74 Lakhs

8.

a. **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 second proviso to Section 135 (5)		
	Amount	Date of transfer	Name of the fund	Amount	Date of transfer
18.74	NA	NA	NA	NA	NA

b. **Details of CSR amount spent against ongoing projects for the Financial Year:**

(₹ in Lakhs)

1	2	3	4	5		6	7	8	9	10	11	
Sr. No.	Name of the project	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No)	Location of the project		Project duration	Amount allocated for the project	Amount spent in the current Financial Year	Amount transfer-red to unspent CSR Account for the project as per Section 135(6)	Mode of implementation Direct (Yes / No)	Mode of implementation through Implementing Agency	
				State	District						Name	CSR Registration No.
Nil	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

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

(₹ in Lakhs)

1	2	3	4	5		6	7	8	
Sr. No.	Name of the project	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No)	Location of the project		Amount spent for the project	Mode of implementation -Direct (Yes / No)	Mode of implementation - through Implementing Agency	
				State	District			Name	CSR Registration No.
1	* Kirloskar Institute of Management Studies - Employees Salary Harihar and Pune Campus (KIAMS)	Education	Yes	Maharashtra	Pune	13.74	No	KIAMS	CSR00004586
2	** S. L. Kirloskar CSR Foundation (SLK)	Education	Yes	Maharashtra	Pune	5.00	No	SLK	CSR00003594

*Kirloskar Institute of Advanced Management Studies (KIAMS) (CSR Registration No. CSR00004586) is carrying educational activities approved by All India Council for Technical Education. It has two campuses set up in Harihar, Karnataka and Pune, Maharashtra. The CSR contribution of ₹ 13.74 Lakhs made by the Company, was utilised by KIAMS for employees salary and retainer fees.

**S.L. Kirloskar CSR Foundation (SLK) (CSR Registration No. CSR00003594), is a Section 8 Company, incorporated under the Companies Act, 2013. SLK's objectives are to promote education, health, environment and to undertake any or all of CSR activities as specified in Schedule VII of the Companies Act, 2013. The CSR Contribution of ₹ 5 Lakhs made by the Company, was utilised by SLK by providing financial support for operating assistance to employment enhancing vocational skills for youth through "Hunnar Gurukul" by Lend-A-Hand India.

d. **Amount spent in Administrative Overheads:** Nil

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

f. **Total amount spent for the Financial Year (8b+8c+8d+8e):** ₹ 18.74 lakhs

g. **Excess amount for set off, if any:** Nil

(₹ in lakhs)

Sr. No.	Particular	Amount
(i)	Two percent of average net profit of the company as per Section 135 (5) as on 31 March 2021	19.99
(ii)	Total amount spent for the Financial Year 2021-2022	18.74
(iii)	Excess amount spent for the Financial Year 2021-2022 [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Year 2020-2021, if any	1.25
(v)	Amount available for set off in succeeding Financial Year i.e., 2022-2023 [(iii)-(iv)]	Nil

9.

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

(₹ in Lakhs)

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

b. **Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):**

(₹ in Lakhs)

1	2	3	4	5		6	7	8	9
Sr. No.	Project ID	Name of the project	Financial Year in which the project was commenced	Project duration		Total amount allocated for the project	Amount spent on the project in the reporting Financial Year	Cumulative amount spent at the end of reporting Financial Year	Status of the project - Completed / Ongoing.
				State	District				
	NA	NA	NA	NA	NA	NA	NA	NA	NA

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

a. Date wise creation: Not applicable

b. Amount of CSR spent for creation or acquisition of capital asset: Not applicable

c. Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: Not applicable

d. Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Not applicable

11. 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/-
Mr. Anil Alawani
Chairman
CSR Committee
DIN 00036153

Sd/-
Aditi Chirmule
Executive Director
DIN 01138984

Kirloskar Industries

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	0.64
		Mr. Mahesh Chhabria, Managing Director	44.55
		Ms. Aditi Chirmule, Executive Director	13.29
		Mr. Nihal Kulkarni (resigned as Director of the Company w.e.f. 9 February 2022)	0.34
		Mr. Anil Alawani	1.16
		Mr. Tejas Deshpande	1.11
		Mr. Sunil Shah Singh (ceased to be a Director of the Company w.e.f. 19 October 2021, on completion of his tenure)	0.55
		Mr. D. Sivanandhan	0.87
		Mr. Vinesh Kumar Jairath	1.95
		Mr. Ashit Parekh	0.80
		Mr. Satish Jamdar	1.27
		Mrs. Mrunalini Deshmukh	0.50
		Mr. Vijaydipak Varma*** (appointed as an Additional Director w.e.f. 15 October 2021)	0.51
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	58.40
		Mr. Mahesh Chhabria, Managing Director	7.60
		Ms. Aditi Chirmule, Executive Director	32.00
		Mr. Nihal Kulkarni (resigned as Director of the Company w.e.f. 9 February 2022)	42.90
		Mr. Anil Alawani	80.20
		Mr. Tejas Deshpande	78.20
		Mr. Sunil Shah Singh (ceased to be a Director of the Company w.e.f. 19 October 2021, on completion of his tenure)	-
		Mr. D. Sivanandhan	82.40
		Mr. Vinesh Kumar Jairath	48.20
		Mr. Ashit Parekh	81.00
		Mr. Satish Jamdar	98.70
		Mrs. Mrunalini Deshmukh	114.30
		Mr. Vijay Dipak Varma	NA
		Mr. Umesh Shastry (resigned with effect from 1 February 2022	8.00
		Mrs. Ashwini Mali	15.00
iii.	The percentage increase in the median remuneration of employees in the financial year	12.10%	
iv.	The number of permanent employees on the rolls of Company	13 including Managing Director and Executive Director	

Sr. No.	Particulars		
v.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and	8.80%	
	its comparison with the percentile increases in the managerial remuneration and	7.90%	
	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.	
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 VII 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 Disclosures Requirements) Regulations, 2015, including amendments thereunder (hereinafter referred as the Regulations). The Board of Directors comprises eleven Directors as on 31 March 2022.

The composition of the Board is as under:

Category of Directors	No. of Directors
Managing and Executive	2
Non-Executive and Independent	6
Non-Executive and Non-Independent	3
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 15 May 2021, 12 July 2021, 9 August 2021, 30 October 2021, 3 February 2022, 9 February 2022 and 25 March 2022.

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 2021-2022 and the Annual General Meeting (AGM) held on 10 August 2021, 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 2022, 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	NA	6	2	1	7	7	Yes
2.	Ms. Aditi Chirmule, Executive Director	NA	Nil	Nil	Nil	7	7	Yes
	Non-Executive and Non-Independent Directors							
3.	Mr. Atul Kirloskar ***	12,83,562	4	1	Nil	7	7	Yes
4.	Mr. Nihal Kulkarni @	5,89,296	3	Nil	1	5	4	Yes
5.	Mr. Anil Alawani	2,285	1	Nil	2	7	7	Yes
6.	Mr. Vinesh Kumar Jairath	9,806	6	Nil	7	7	7	Yes
	Non-Executive and Independent Directors							
7.	Mr. Tejas Deshpande	Nil	3	2	1	7	7	Yes
8.	Mr. Sunil Shah Singh #	Nil	3	2	1	3	3	Yes
9.	Mr. D. Sivanandhan	Nil	7	2	5	7	6	Yes
10.	Mr. Ashit Parekh	Nil	Nil	Nil	Nil	7	7	Yes
11.	Mr. Satish Jamdar	Nil	2	Nil	1	7	7	Yes
12.	Mrs. Mrunalini Deshmukh	Nil	1	Nil	Nil	7	6	Yes
13.	Mr. Vijaydipak Varma ##	1,256	2	Nil	2	4	4	NA

* 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 Takeovers) Regulations, 2011.

Ceased to be a Director of the Company with effect from 19 October 2021, on completion of his tenure as an Independent Director.

Appointed as an Additional Director in the capacity of an Independent Director on the Board of the Company with effect from 15 October 2021.

@ Resigned as a Director with effect from 9 February 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. On 9 February 2022, Mr. Nihal Kulkarni and his family conveyed their intention of discontinuation as 'Promoter' of the Company or otherwise directly / indirectly participate in the management of the Company and also sale of their equity shares in compliance with applicable laws / regulations.
3. As on 31 March 2022, 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, aged 57 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
2	Ms. Aditi Chirmule, Executive Director, aged 55 years	Nil	Nil
	Non-Executive and Non-Independent Directors		
3	Mr. Atul Kirloskar, aged 65 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, aged 76 years	1. Kirloskar Ferrous Industries Limited	Non-Independent and Non-Executive Director
5	Mr. Vinesh Kumar Jairath, aged 63 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
6	Mr. Tejas Deshpande, aged 41 years	1. Valecha Engineering Limited	Independent and Non-Executive Director
		2. Kirloskar Pneumatic Company Limited	Independent and Non-Executive Director
	Non-Executive and Independent Directors		
7	Mr. D. Sivanandhan, aged 71 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, aged 62 years	Nil	Nil
9	Mr. Satish Jamdar, aged 69 years	1. Kirloskar Oil Engines Limited	Independent and Non-Executive Director
10	Mrs. Mrunalini Deshmukh, aged 64 years	1. Kirloskar Oil Engines Limited	Independent and Non-Executive Director
11	Mr. Vijaydipak Varma, aged 70 years	1. Kirloskar Ferrous Industries Limited	Independent and Non-Executive Director
		2. Swaraj Engines Limited	Non-Independent Non-Executive Director

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 2022.

d. Separate meeting of Independent Directors:

The Independent Directors met once in Financial Year 2021-2022 without presence of the Managing Director or the Executive Director or management representatives.

The meeting of Independent Directors was held on Friday, 4 March 2022, 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.

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*, includes quarterly and annual results, budgets, 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 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., 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
1	Strategy
2	Risks
3	Finance
4	Legal
5	Security Systems
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	√		√	√		√	
5	Mr. Vinesh Kumar Jairath	√	√	√	√			√
6	Mr. Tejas Deshpande	√	√	√	√			
7	Mr. D. Sivanandhan	√	√			√		√
8	Mr. Ashit Parekh	√	√					√
9	Mr. Satish Jamdar	√	√				√	√
10	Mrs. Mrunalini Deshmukh	√			√			
11	Mr. Vijaydipak Varma	√	√	√	√		√	

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 2021-2022, if any:**

No Independent Director resigned during the Financial Year 2021-2022.

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 15 May 2021, 12 July 2021, 9 August 2021, 30 October 2021, 3 February 2022 and 25 March 2022.

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	5
4.	Mr. Vijaydipak Varma **	Non-Executive Independent Director	3
5.	Mr. Sunil Shah Singh #	Non-Executive Independent Director	3
6.	Mr. Vinesh Kumar Jairath	Non-Executive Non-Independent Director	6
7.	Mr. Anil Alawani	Non-Executive Non-Independent Director	6

Notes:

1. * Appointed as the Chairman of the Committee with effect from 30 October 2021.
2. ** Appointed as a member of the Committee with effect from 30 October 2021.
3. # Ceased to be a Director of the Company with effect from 19 October 2021, on completion of his tenure as an Independent Director.

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, 10 August 2021.

Mr. Sunil Shah Singh, former Chairman of the Audit Committee, Mr. Dilip Dixit and Mr. Umesh S. Abhyankar, Partners of G. D. Apte & Co., 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 27th Annual General Meeting of the Company held on 10 August 2021.

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) 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, three meetings of the Committee were held on 15 May 2021, 30 October 2021 and 3 February 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. D. Sivanandhan (Chairman) *	Non-Executive Independent Director	3
2.	Mr. Sunil Shah Singh**	Non-Executive Independent Director	1
3.	Mr. Satish Jamdar	Non-Executive Independent Director	3
4.	Mr. Anil Alawani	Non-Executive Non-Independent Director	3
5.	Mr. Atul Kirloskar ***	Non-Executive Non-Independent Director	1

Notes:

1. * Appointed as the Chairman of the Committee with effect from 30 October 2021.
2. ** Ceased to be a Director of the Company with effect from 19 October 2021, on completion of his tenure as an Independent Director.
3. *** Ceased to be a member of the Committee with effect from 30 October 2021.

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*, includes 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 appointment of Whole Time Directors and Senior Management Personnel, as and when required and set the terms and conditions, including as to 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, two meetings of the Committee were held on 12 October 2021 and 7 December 2021.

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	2
2.	Ms. Aditi Chirmule	Executive Non-Independent Director	2
3.	Mr. Sunil Shah Singh*	Non-Executive Independent Director	0
4.	Mr. Vijaydipak Varma **	Non-Executive Independent Director	1

Notes:

1. * Ceased to be a Director of the Company with effect from 19 October 2021, on completion of his tenure as an Independent Director.
2. ** Appointed as a member of the Committee with effect from 30 October 2021.

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 Wellness Space Developers Limited (earlier known as Wellness Space Developers Private Limited), a Wholly Owned Subsidiary of the Company and a Non – Executive Director 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.

The total number of complaints received and redressed during the year ended 31 March 2022, were NIL and there was no complaint pending as on 31 March 2022.

The Company had no share transfer requests pending as on 31 March 2022.

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 3 Independent Directors. 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 15 May 2021, 8 August 2021, 12 October 2021 and 31 January 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. 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	4
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.

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., 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 sitting fee of ₹ 40,000 per meeting of the Board, ₹ 25,000 per meeting of the Audit Committee, the Risk Management Committee and the Nomination and Remuneration Committee, ₹ 10,000 per meeting of the Corporate Social Responsibility Committee and the Stakeholders' Relationship Committee, attended by the Non-Executive Directors is payable to them.

Details of the remuneration paid / payable to Directors during Financial Year 2021-2022:

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	* 5,91,16,210	--	1,20,00,000	9,15,16,210
2.	Ms. Aditi Chirmule, Executive Director	51,51,290	--	35,12,018	--	40,00,000	1,26,63,308
	Non-Executive Director						
3.	Mr. Atul Kirloskar	--	--	--	3,05,000	3,05,000	6,10,000
4.	Mr. Nihal Kulkarni	--	--	--	1,60,000	1,60,000	3,20,000
5.	Mr. Anil Alawani	--	--	--	5,55,000	5,55,000	11,10,000
6.	Mr. Sunil Shah Singh	--	--	--	2,60,000	2,60,000	5,20,000
7.	Mr. Tejas Deshpande	--	--	--	5,30,000	5,30,000	10,60,000
8.	Mr. D. Sivanandhan	--	--	--	4,15,000	4,15,000	8,30,000
9.	Mr. Vinesh Kumar Jairath	--	--	** 1,40,91,726	5,30,000	13,30,000	1,59,51,726
10.	Mr. Ashit Parekh	--	--	--	3,80,000	3,80,000	7,60,000
11.	Mr. Satish Jamdar	--	--	--	6,05,000	6,05,000	12,10,000
12.	Mrs. Mrunalini Deshmukh	--	--	--	2,40,000	2,40,000	4,80,000
13.	Mr. Vijaydipak Varma	--	--	--	2,45,000	2,45,000	4,90,000
	TOTAL	**2,31,51,290**	**24,00,000**	**7,67,19,954**	**42,25,000**	**2,10,25,000**	**12,75,21,244**

@ Represents Commission for the year ended 31 March 2022, which will be paid after adoption of the accounts by the shareholders at the Annual General Meeting, subject to deduction of applicable tax.

* Including benefits of ₹ 4.91 Crores under the 'Kirloskar Industries Limited - Employees Stock Appreciation Rights Plan 2019'.

** Benefits under the 'Kirloskar Industries Limited - Employees Stock Appreciation Rights Plan 2019'.

Note:

- 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)

During the year 2019-2020, the Company granted an aggregate of 4,70,898 Equity Settled Stock Appreciation Rights (ESARs) exercisable into not more than 4,85,000 (Four Lakhs Eighty-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.

Consequent to the Business Transfer Agreement (BTA) executed by and between the Company and Wellness Space Developers Private Limited (WSDPL), a Wholly-Owned Subsidiary of the Company, on 19 December 2020, certain employees of the Company were transferred to WSDPL with effect from 1 January 2021. Further, WSDPL is converted into a public limited company, viz., Wellness Space Developers Limited (WSDL) on 17 March 2021.

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.

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	33,000
2	ESARs vested	1,65,500	38,830	26,400
3	ESARs cancelled	Nil	Nil	Nil
4	ESARs lapsed	Nil	Nil	Nil
5	ESARs exercised	47,500	Nil	15,000

5. DETAILS OF GENERAL BODY MEETINGS:

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

Financial Year	Date	Time	Type of Meeting	Venue	Special Resolutions passed
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/2020/19 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.
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	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.

Financial Year	Date	Time	Type of Meeting	Venue	Special Resolutions passed
				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/2020/19 dated 12 May 2020	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.
2018-2019	8 August 2019	02.30 p.m.	Annual General Meeting	S. M. Joshi Socialist Foundation (S. M. Joshi Hall), Navi Peth, Pune 411 030	1. Payment of 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. 2. Revision in the remuneration payable to Mr. Mahesh Chhabria, Managing Director of the Company. 3. Revision in the remuneration payable to Ms. Aditi Chirmule, Executive Director of the Company. 4. Decide and 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), a sum which may exceed 1% per annum of the Net profit of the Company. 5. Addition of the term to the existing terms and conditions of the appointment of Mr. Vinesh Kumar Jairath, Non-Executive Director, in the capacity as Advisor to the Company.

II. RESOLUTIONS PASSED BY POSTAL BALLOT

During the Financial Year 2021-2022, the Company approached the members through postal ballot in December 2021. A snapshot of the voting results of the said postal ballot is as under:

Date of postal ballot notice	9 August 2021
Voting period	Wednesday, 15 September 2021 (9.00 a.m.) (IST) to Thursday, 14 October 2021 (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	14 October 2021

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	
Approval for insertion of new object clause in the Memorandum of Association of the Company	Special	72,03,165	71,94,777	99.88	8,388	0.12	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 vide 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., 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 application 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: Tuesday, 9 August 2022 Time : 11.30 a.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) Circulars (14/2020, 17/2020, 20/2020, 02/2021, 19/2021, 21/2021 and 2/2022 dated 8 April 2020, 13 April 2020, 5 May 2020, 13 January 2021, 8 December 2021, 14 December 2021 and 5 May 2022, respectively) and as such there is no requirement to have a venue for the AGM. For details, please refer to the Notice of this AGM.
Financial Year ended	31 March 2022
Book Closure	Wednesday, 3 August 2022 to Tuesday, 9 August 2022, (both days inclusive)
Dividend Payment Date	On or before 8 September 2022
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 2021-2022	During the year, the financial results were announced as under: First quarter : 15 May 2021 Second quarter : 9 August 2021 Third quarter : 3 February 2022 Annual : 26 May 2022
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 2021-2022, have been paid to BSE and NSE.
Designated email address for investor services	investorrelations@kirloskar.com

b. **Shareholding Pattern as on 31 March 2022:**

Sr. No.	Category	No. of shares	% of Shareholding
1.	Promoters	70,98,178	72.58
2.	Mutual Funds / UTI	125	0.00
3.	Banks / Financial Institutions and Insurance Companies	4,01,104	4.10
4.	Other Bodies Corporates	3,43,294	3.51
5.	Foreign Institutional Investors	125	0.00
6.	Foreign Portfolio Investors	39,131	0.40
7.	Clearing Members	1,372	0.02
8.	NRI	29,327	0.30
9.	Trusts	280	0.00
10.	Foreign Nationals	88	0.00
11.	Hindu Undivided Family	58,023	0.59
12.	General Public	17,39,714	17.79
13.	IEPF	50,669	0.52
14.	NBFCs registered with RBI	860	0.01
15.	Body Corporates – Ltd. Liability Partnership	16,663	0.17
16.	Alternate Investment Funds	1,278	0.01
	TOTAL	97,80,231	100.00

c. **Distribution of Shareholding as on 31 March 2022:**

Shareholding of shares		Shareholders		Shares	
From	to	Number	% to Total	Number	% to Total
(1)		(2)	(3)	(4)	(5)
1	500	18,347	97.71	5,95,331	6.09
501	1,000	196	1.04	1,42,063	1.45
1,001	2,000	107	0.57	1,56,656	1.60
2,001	3,000	41	0.22	1,04,872	1.07
3,001	4,000	13	0.07	45,018	0.46
4,001	5,000	15	0.08	68,700	0.70
5,001	10,000	19	0.10	1,36,265	1.39
	10,001 and above	39	0.21	85,31,326	87.24
TOTAL			100.00		100.00

Dematerialisation of shares and liquidity (as on 31 March 2022)	96,77,624 (98.95%)
Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity	The Company has not issued GDRs / ADRs / Warrants or any convertible instruments.

Commodity price risk or foreign exchange risk and hedging activities:

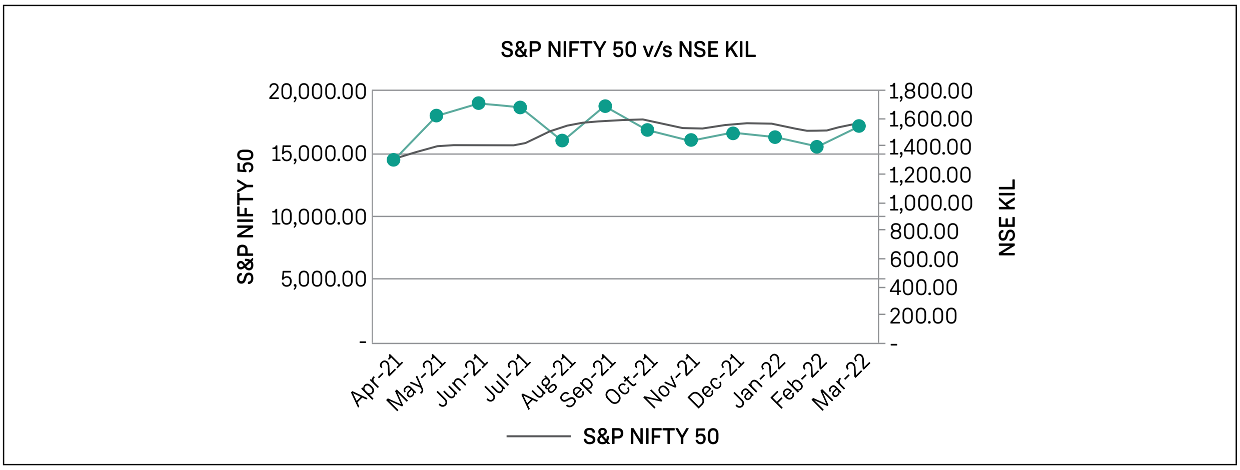
Not applicable, since the Company does not procure any commodities or have any forex inflows or outflows.

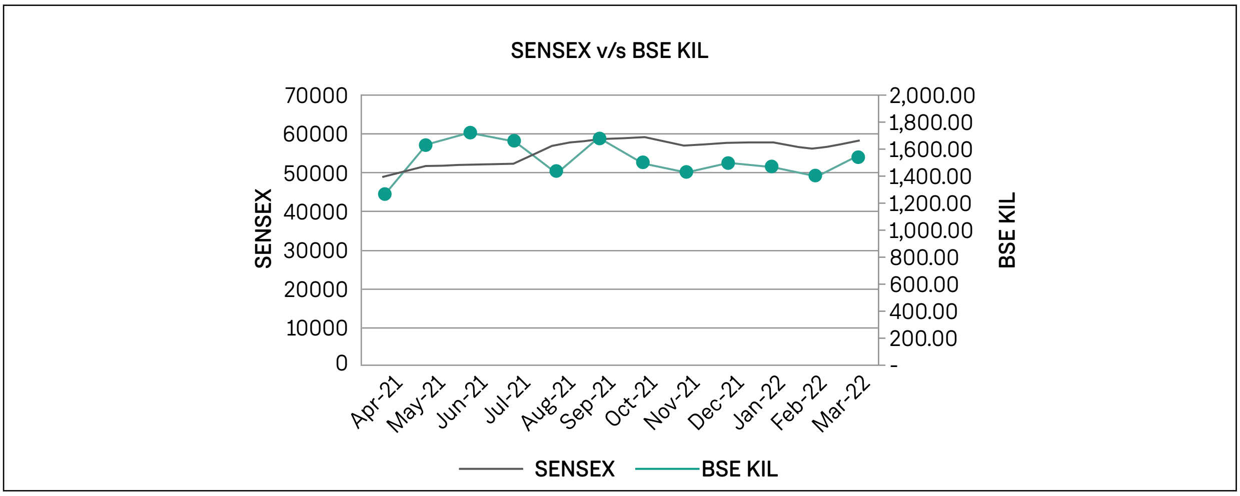
d. **Market Price Data:**

Monthly high / low during the year 2021-2022, on the BSE and NSE are as under:

Stock Exchange	BSE		NSE	
Month	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2021	1,387.00	1,190.00	1,395.60	1,198.05
May 2021	1,638.00	1,268.00	1,631.35	1,267.15
June 2021	1,975.00	1,628.30	1,973.85	1,633.00
July 2021	1,780.40	1,637.95	1,800.00	1,636.60
August 2021	1,736.00	1,304.10	1,735.00	1,305.25
September 2021	1,764.70	1,397.60	1,766.00	1,392.95
October 2021	1,709.00	1,453.00	1,701.80	1,450.95
November 2021	1,690.00	1,423.70	1,690.00	1,411.20
December 2021	1,589.45	1,415.05	1,583.35	1,444.10
January 2022	1,702.20	1,455.00	1,707.00	1,458.50
February 2022	1,547.25	1,335.00	1,540.00	1,340.00
March 2022	1,689.35	1,303.15	1,699.00	1,301.95

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 2021-2022:**





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

The contact details of the 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.

b. Pursuant to Regulation 40 (9) of the Regulations, a certificate on half yearly 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), 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 in this regard.

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. 45 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	2021-2022		2020-2021	
				Transaction Value	Outstanding Amount Carried in Balance Sheet	Transaction Value	Outstanding Amount Carried in Balance Sheet
1	Mr. Atul Kirloskar	Promoter	Dividend	128.36	-	Nil	-
2	Mr. Rahul Kirloskar	Promoter	Dividend	162.17	-	Nil	-
3	Mrs. Jyotsna Kulkarni	Promoter	Dividend	117.86	-	Nil	-

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 Board of Directors has adopted a Whistle Blower Policy / Vigil Mechanism ('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 the 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 Policy has also been uploaded at the website of the Company, viz., www.kirloskarindustries.com.

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 2021-2022, Kirloskar Ferrous Industries Limited is 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 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

vi. **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.**

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

Not Applicable.

viii. **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.**

ix. **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.

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

During the Financial Year 2021-2022, 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.

xi. **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

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

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 vide 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 2022, 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 2022, the total unclaimed equity shares are 16,215.

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 2021-2022.

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. Mahesh Chhabria, Managing Director of the Company, was placed before the meeting of the Board of Directors held on 26 May 2022.

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: 26 May 2022

Independent Auditors’ Certificate on of Corporate Governance

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

1. We have examined the compliance of conditions of corporate governance by Kirloskar Industries Limited (‘the Company’) for the year ended 31 March 2022, 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 (‘the 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 purposes 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 (the 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 & Pandit LLP
Chartered Accountants
Firm Registration No.105215W/W100057

Sd/-
Parag Pansare
Partner
Membership No. 117309
UDIN: 22117309AJQYFU4302

Pune, May 26, 2022

Business Responsibility Report

OVERVIEW

Kirloskar Industries Limited (KIL / the Company) is engaged in the business of Wind Power Generation, Investments (Securities and Properties) and Real Estate activities. The Company has seven windmills in Maharashtra with total installed capacity of 5.6 Megawatt (MW). The windmills are located at Tirade Village, Tal. Akole, Dist. Ahmednagar.

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.

In keeping with the Company's commitment to responsibility and accountability towards all its stakeholders, the Company is pleased to present its Business Responsibility Report for the year ended 31 March 2022, in line with Regulation 34 (2) (f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Regulations). In line with SEBI's proposed structure for the Business Responsibility Report and the nine principles of the Government of India's 'National Voluntary Guidelines (NVG) on Social, Environmental and Economic Responsibilities of Business', this report delineates the Company's efforts to conduct the business with responsibility.

SECTION A:

GENERAL INFORMATION

1	**Corporate Identity Number (CIN) of the Company**	L70100PN1978PLC088972	
2	**Name of the Company**	Kirloskar Industries Limited	
3	**Registered Address**	Office No. 801, 8th Floor, Cello Platina, Fergusson College Road, Shivajinagar, Pune 411 005	
4	**Website**	www.kirloskarindustries.com	
5	**Email id**	investorrelations@kirloskar.com	
6	**Financial Year Reported**	2021-2022	
7	**Sectors that the Company is engaged in (Industrial Activity Code-wise)**	NIC Code	Product Description
		400	Windmill
		642	Investments (Properties and Securities)
		4100	Real Estate
		As per National Industrial Classification for India (NIC)	
8	**List three key products / services that Company manufactures / provides (as in Balance Sheet)**	Wind Power Generation	
		Investments – (Securities and Properties)	
		Real Estate Services	
9	**Total number of locations where business activity is undertaken by the Company**		
	i) International Locations	None	
	i) National Locations	The Company has offices located at Pune and Mumbai, business activity in Pune and windmill operation at Tirade Village, Akole.	
10	**Markets served by the Company – Local / State / National / International**	India	

SECTION B:

FINANCIAL DETAILS OF THE COMPANY

(₹ in Lakhs)

1	**Paid up capital**	980
2	**Total turnover**	10,267
3	**Total profit after taxes**	6,219
4	**Total spending on Corporate Social Responsibility (CSR) as % of average profit for last 3 financial years**	18.74 This is detailed in the Annual Report of CSR activities (Annexure – 2 to the Boards' Report).
5	**List of activities in which expenditure in 4 above has been incurred**	List of CSR activities are detailed in the Annual Report of CSR Activities, Annexure – III to the Boards' Report.

SECTION C:

OTHER DETAILS

1	**Does the Company have any Subsidiary Company / Companies**	As on 31 March 2022, the Company has the following subsidiaries, viz., 1. Kirloskar Ferrous Industries Limited (KFIL); and 2. Avante Spaces Limited (Avante) (earlier known as Wellness Space Developers Limited), a Wholly-Owned Subsidiary of the Company. 3. ISMT Limited (ISMT) [1]
2	**Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**	Yes, two of the three companies viz., KFIL and ISMT publish BR details annually. Avante did not participate in the BR initiative of the Company during this year.
3	**Do any other entity / entities (e.g., suppliers, distributors, etc.) that the Company does business with / participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities (less than 30%, 30-60%, more than 60%)**	No

[1] KFIL has acquired a controlling interest and holds 51.25% of the issued, subscribed and paid-up equity share capital of ISMT Limited (ISMT) and that ISMT therefore, became a subsidiary of KFIL with effect from 10 March 2022, pursuant to the provisions of Section 2 (87) (ii) of the Companies Act, 2013.

Consequently, pursuant to the provisions of Section 2(87)(ii) of the Act, ISMT became a subsidiary of the Company with effect from 10 March 2022.

SECTION D:

BUSINESS RESPONSIBILITY (BR) INFORMATION

1. **Details of Director / Directors responsible for the implementation of the BR policy / policies**

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

   The Board of Directors in its meeting held on 22 June 2020, nominated Mr. Mahesh Chhabria, Managing Director of the Company as responsible for the implementation of the BR policy / policies. Details are as below:

Name	Designation	DIN	Telephone	Email ID
Mr. Mahesh Chhabria	Managing Director	00166049	020-29704374	Mahesh.Chhabria@kirloskar.com

Details of the BR head:

Name	Designation	DIN	Telephone	Email ID
Mr. Mahesh Chhabria	Managing Director	00166049	020-29704374	Mahesh.Chhabria@kirloskar.com

2. BR Policy / policies

Business Responsibility is guided by India's 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business', which articulates nine principles as below:

Principle 1 (P1)	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
Principle 2 (P2)	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
Principle 3 (P3)	Businesses should promote the well-being of all employees.
Principle 4 (P4)	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.
Principle 5 (P5)	Businesses should respect and promote human rights.
Principle 6 (P6)	Businesses should respect, protect, and make efforts to restore the environment.
Principle 7 (P7)	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
Principle 8 (P8)	Businesses should support inclusive growth and equitable development.
Principle 9 (P9)	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

All nine principles as articulated in India's 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' are covered by Policies of the Company as outline in the table below:

a) Principle-wise (as per NVGs) BR policy / policies (Reply in Y / N)

Details of compliance

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy / policies for	Y	Y	Y	Y	Y[2]	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y[2]	Y	Y	Y	Y
		The Company has formulated Policies and adopted best practices of its own volition being sensitive to stakeholders' interests at the same time.								
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y[2]	Y	Y	Y	Y
		The Company's Policies meet national regulatory requirements such as the Companies Act, 2013, International Bill of Human Rights and other relevant Acts and standards, wherever applicable.								
4	Has the policy been approved by the Board? If yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Y	Y	Y	Y	Y[2]	Y	Y	Y	Y
5	Does the Company have a specified committee of the Board / Director / Official appointed to oversee the implementation of the policy?	Y	Y	Y	Y	Y[2]	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	Y	Y	Y	Y	Y[2]	Y	Y	Y	Y
		Mandatory Policies are available on Company's website – https://www.kirloskarindustries.com and some Policies are available on the internal portal, which is accessible only to employees.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y[2]	Y	Y	Y	Y
		Internal stakeholders have been made aware of the Policies. Policies applicable to external stakeholders are made available in the public domain on the website and annual report of the Company.								
8	Does the Company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y[2]	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Y	Y	Y	Y	Y[2]	Y	Y	Y	Y
10	Has the Company carried out independent audit / evaluation of the working of this policy by internal / external agency?	N	N	N	N	N	N	N	N	N

[2]The Company's Business Responsibility Policy covers adherence to human rights and the Company is not complicit in any human rights violation by its contractors and suppliers. This policy was adopted by the Board in its meeting held on 5 February 2021.

Y-Yes, N-No, NA-Not Applicable

b) **If the answer to the question at serial number 1 against any principle, is 'No', please explain why:**

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

3. Governance related to BR

(a) **Indicate the frequency with which the Board of Directors, Committees of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, more than 1 year:**

The BR performance is assessed on an annual basis by the Board and the Managing Director of the Company.

(b) **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

The Company publishes BR in the Annual Report of the Company. The hyperlink to view the Annual Report is https://www.kirloskarindustries.com/investors/annual-reports.

SECTION E:

PRINCIPLE-WISE PERFORMANCE

PRINCIPLE 1:

BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? No.**

   Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others? Yes

   The Company expects fair and ethical business practices not just from directors and employees of the Company but also any other persons dealing with the Company. Whistle Blower Policy / Vigil Mechanism put in place for any unethical behaviour.

   The Company is committed to conducting its business in a fair and transparent manner.

Integrity is a core value at the Company and the values are widely communicated to all relevant stakeholders. The Company has laid down a 'Code of Conduct for the Board of Directors and Senior Management of Kirloskar Industries Limited' and 'Code of Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons and immediate relatives of Designated Persons of Kirloskar Industries Limited' (CoC), applicable to all employees, with the objective to evolve as good corporate citizens by implementing the highest degree of transparency, integrity, accountability and corporate social responsibility. The Company does not follow any abusive, corrupt or anti-competitive behaviour and is not complicit in violations of applicable regulations and ethical practices by its business partners.

The Company discharges its responsibility towards making true and fair financial and other mandatory disclosures timely.

The Company also ensures that genuine concerns of misconduct / unlawful conduct can be reported in a responsible and confidential manner through its vigil mechanism.

The Directors and Senior Management of the Company are additionally required to abide by a CoC adopted as per the Companies Act, 2013, and the Regulations. Their affirmation to the CoC is communicated to all stakeholders by the Managing Director through a declaration in the Annual Report.

The Company's commitment to doing business responsibly is built upon its CoC and is complemented by –

- Robust governance structure.
- Enterprise-level Risk Management Framework.
- Well-structured internal control systems for regular assessment of the effectiveness of the Company's CoC policy and its adherence.

The Code applies to every employee of the Company and also it is applicable to all its suppliers, contractors, and business partners.

2. **How many stakeholders' complaints have been received in the past financial year and what percentage were satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

There were no complaints received in 2021-2022 (including employees and stakeholders) under various Policies of the Company. The Whistle Blower Policy enables employees and other stakeholders to report instances of unethical behaviour and any violation of the Company's CoC.

There was no whistle-blower complaint received during the year.

PRINCIPLE 2:

BUSINESSES SHOULD PROVIDE GOODS AND SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGHOUT THEIR LIFE CYCLE

The Company is committed to being environmentally sustainable.

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risk and / or opportunities?**

- Wind energy;
- Investment (securities and properties);
- Real estate activities, and Real estate development activities through its Wholly-Owned Subsidiary.

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

(a) **Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?**

(b) **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

The Company at all times strives to be environmentally sustainable across its operations, giving due emphasis to factors such as energy, water, and material efficiency. The Company's goal is to strike a balance between social and economic concerns while minimising environmental impact.

The renewable energy generated by windmills reduces greenhouse gas and other pollutants associated with conventional power plants.

The Company believes in investing in companies that follow ethical business practices and are sensible in their resource usage. The invested companies follow environment-friendly practices and are compliant with all environmental and energy norms, as applicable.

For property licensing and real estate development business, the same practice has been followed making sure that the activities in the premises are conducted in an environment-friendly manner with a focus on conserving energy and water.

2. **Does the Company have procedures in place for sustainable sourcing (including transportation)?**

(a) **If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

Since the Company's primary operations include windmills and investments (properties and securities), sourcing is not a major portion of daily business operations. We try and adhere to sustainable sourcing practices.

3. **Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work?**

(a) **If yes, what steps have been taken to improve the capacity and capability of local and small vendors?**

(b) **Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as less than 5%, 5-10%, more than 10%). Also, provide details thereof, in about 50 words or so?**

These activities are not applicable to the Company as its primary operations are windmills and investments (properties and securities). The windmills are operated and maintained by a third-party vendor and the Company has also appointed a technical consultant to ensure the effective functioning of the windmills.

The Company and its Wholly Owned Real Estate Subsidiary Company assure safety and optimal use of resources over the business life cycle and ensure that everyone connected with it is aware of their responsibilities.

The Company at all times strives to be environmentally sustainable across its operations giving due emphasis to factors such as energy, water, and material efficiency. The Company aims at maintaining the balance between social and economic considerations and minimising environmental impact.

PRINCIPLE 3:

BUSINESSES SHOULD PROMOTE THE WELL-BEING OF ALL EMPLOYEES

Guided by its core values, the Company treats employees as their most valuable resource, who are key to the long-term sustainability of the Company. The Company endeavours to ensure the well-being of all its employees including sub-contracted employees. The safety, health and work-life balance of employees are extremely important. The Company believes in giving its employees ample opportunities to be motivated, result-oriented and committed to achieving excellence in their domain.

The Company endeavours in providing a work environment in which all individuals are treated with mutual respect and dignity. These processes are guided by the inherent values of the Company and are always in conformity with labour laws, human rights and other legislations promulgated from time to time.

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. The broad objective of this policy is to ensure that the employees at all levels can work together in an environment free from gender discrimination, violence and harassment on the basis of gender and ensure that all are provided with equal opportunities for expression and progress. The Company strongly condemns any form of child labour and recruits employees only of employable age.

The Company constantly strives to address the issue of work-life balance and encourages its employees to maintain the same. Measures that were taken towards this initiative include provision of flexi timing, the requirement compulsory avail 15 days annually, extended maternity leave for women, birthday leave provision, etc. Employee health is critical for Company's sustainable growth and in keeping with this, annual health check-up is conducted for employees across the organisation followed by necessary corrective and preventive action.

1. **Please indicate the total number of employees:**

   There are total of 13 employees including the Managing Director and the Executive Director as on 31 March 2022.

2. **Please indicate the total number of employees hired on temporary / contractual / casual basis:** 1.

3. **Please indicate the number of permanent women employees:** 7

4. **Please indicate the number of permanent employees with disabilities:** 0

5. **Do you have an employee association that is recognised by management?**

   There is no employees' association in the Company.

6. **What percentage of your permanent employees are members of this recognised employee association?**

   Not applicable.

7. **Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year:**

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

8. **What percentage of you under mentioned employees were given safety and skill up-gradation training in the last year?**

   - Permanent employees: 100%
   - Permanent women employees: 100%
   - Casual / temporary / contractual employees: 100%
   - Employees with disabilities: Not applicable

PRINCIPLE 4:

BUSINESSES SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALISED

1. **Has the Company mapped its internal and external stakeholders?**

   The Company has identified its employees, customers, investors, vendors, contractors, regulatory authorities, technical partners, etc. as its key stakeholders.

2. **Out of the above, has the Company identified the disadvantaged, vulnerable and marginalised stakeholders?**

   The Company is sensitive towards disadvantaged, vulnerable and marginalised stakeholders and it is committed to consider their special needs.

3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide details thereof, in about 50 words and so.**

   The Company considers stakeholders as partners in business and engages with internal and external stakeholder groups, beyond normal transactional engagement.

   The Company through its CSR activities, promotes education, health and hygiene amongst marginalised stakeholders and the society it operates in.

PRINCIPLE 5:

BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

1. **Does the policy of the Company on human rights cover only the Company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?**

   The Company's Business Responsibility Policy covers adherence to human rights and the Company is not complicit in any human rights violation by its contractors and suppliers.

   The Company recognises that human rights as articulated in the Constitution of India and various other laws like the International Bill of Human Rights are inherent, universal, indivisible and interdependent in nature.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   There were no stakeholders' complaints related to human rights violations during the period under review.

PRINCIPLE 6:

BUSINESSES SHOULD RESPECT, PROTECT, AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT

1. **Does the policy related to Principle 6 cover only the Company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?**

   The Company is committed to creating and preserving a clean environment. The respect for and compliance with environmental requirements is also extended to its suppliers and contractors.

   The Company being a Core Investment Company, four of the invested companies also publish Business Responsibility Report making sure that adherence to environmental protection and safety.

2. **Does the Company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc.**

   The Company is committed to ensure environmental protection and safety and is fully aware of global environmental issues. Its principal business of windmill operations helps in reducing greenhouse gas emissions and mitigates the impacts of climate change.

   The Company this year formulated the Environmental, Social and Governance (ESG) Committee of Board members and Senior Management for ESG focus policies and strategies / initiatives. This Committee is in the process of formulating a plan to address ESG issues and will put together a policy and plan in place in due course of time.

3. **Does the Company identify and access potential environmental risks? Y/N**

   Yes.

4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?**

   No.

5. **Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewal energy, etc. If yes, please give hyperlinks for web page etc.**

   The Company has in addition to windmill operations, initiated usage of LED lights, sensor base usage of water in toilet and urena, no plastic bottle / cup policy for drinking water and also working on a plan to reduce the use of paper.

6. **Are the Emissions / Waste generated by the Company within the permissible limits given by CPCB / SPCB for the financial year being reported?**

   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.

7. **Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e., not resolved to satisfaction) as on end of Financial Year?**

   Nil.

PRINCIPLE 7:

BUSINESSES, WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER

1. **Is your Company a member of any trade and chamber or association? If yes, name only those major ones that your business deals with:**

   The Company is a member of Confederation of Indian Industry (CII).

2. **Have you advocated / lobbied through above associations for the advancement or improvement of public good?**

   The Company is an active member of CII and regularly participates in the industry events.

PRINCIPLE 8:

BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

1. **Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes, details thereof.**

   The Company supports, to the extent practicable, activities that contribute to inclusive growth and equitable development.

   The Company has adopted a Corporate Social Responsibility (CSR) policy and a CSR Committee of the Board guides policy implementation, monitoring and reporting. The CSR policy is available on the website of the Company. The CSR Report has been dealt with more exhaustively in the annexure to the Board's Report for Financial Year 2021-2022.

2. **Are the programs / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organisation?**

   The Company implements the community development program through an external agency.

3. **Have you done any impact assessment of your initiative?**

   No. The Company, however, periodically discloses the summary of the programs conducted to support inclusive growth and equitable development.

4. What is your Company's direct contribution to community development projects – amount in INR and the details of the project undertaken?

Sr. No.	CSR project or activity Identified	Sector in which the project is covered	Amount spent on the projects or programme (₹ in lakhs)
1.	Kirloskar Institute of Advanced Management Studies	Promoting education	13.74
2.	S.L. Kirloskar CSR Foundation	Promoting education	5.00
	Total		18.74

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the Community? Please explain in 50 words or so.

The Company supports, to the extent practical, activities that contribute to inclusive growth and equitable development.

The Company has adopted a Corporate Social Responsibility (CSR) policy and a CSR Committee of the Board guides policy implementation, monitoring and reporting. The CSR policy is available on the website of the Company. The CSR Report has been dealt with more exhaustively in the annexure to the Board's Report for Financial Year 2021-2022.

In all community development projects, the implementing partners / NGOs assess the positive impact on beneficiaries and adoption by the community.

PRINCIPLE 9:

BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER

1. What percentage of customer complaints / consumer cases is pending as on the end of the financial year?

No customer complaints were registered during the Financial Year ended 31 March 2022.

2. Does the Company display project information on the product label, over and above what is mandated as per local laws? (Yes / No / NA / Remarks (additional information))?

Not applicable.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behavior during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.

There are no cases filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and none pending as at end of Financial Year.

4. Did your Company carry out any consumer survey / consumer satisfaction trends?

Since, the current business of the Company is windmill operation, any consumer survey does not require. 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 a leave and license basis to group and other companies. The Company has complied with related party disclosures.

Standalone Financial Statements

To the Members of Kirloskar Industries Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of Kirloskar Industries Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2022, 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 31 March 2022, 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 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 we have obtained 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 the Board's Report, Corporate Governance and Shareholder's Information, but does not include the 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 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 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 Standards on Auditing (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 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 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 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 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 Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Statements.

We communicate with those charged with governance 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 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 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 as on 31 March 2022, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022, 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 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 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. The 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 that we have 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 Act.

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.

3. 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 during the year is in accordance with the provisions of Section 197 of the Act.

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration No.105215W/W100057

Sd/-
Parag Pansare
Partner
Membership No.: 117309
UDIN: 22117309AJQNVF2048

Pune, May 26, 2022

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 31 March 2022, 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 Act.

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 Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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.

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 31 March 2022, 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: 22117309AJQNVF2048

Pune, May 26, 2022

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 31 March 2022, of Kirloskar Industries Limited.

i. (a) (A) The Company is maintaining proper records showing full particulars including quantitative details and situation of property, plant and equipments.

(B) The Company is maintaining proper records showing full particulars of intangible assets.

(b) The Company has a regular programme of physical verification of its property, plant and equipments according to which, property plant and equipments are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipments were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets.

(c) The title deeds of all the immovable properties are held in the name of the Company.

(d) Based on the audit procedures conducted by us and according to the information and explanations given to us we report that, the Company has not revalued its property, plant and equipment or intangible assets during the year.

(e) Based on the audit procedures conducted by us and according to the information and explanations given to us, we report that 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)] provisions of paragraph 3 (ii) (a) of the Order are not applicable to the Company.

(b) Based on the audit procedures conducted by us and according to the information and explanations given to us, we report that 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. Based on the audit procedures conducted by us and according to the information and explanations provided to us, during the year the Company has purchased equity shares of ₹ 1500 Lakhs in Avante Spaces Limited (Wholly Owned Subsidiary) and has granted unsecured interest free loan to Avante Spaces Limited (Wholly Owned Subsidiary) details of such loan are given in Sub-clause (a):

(a) (A) the aggregate amount during the year is ₹ 12,465 Lakhs, and balance outstanding at the balance sheet date with respect to such loans or advances and guarantees or security to subsidiary is ₹ 13,965 Lakhs.

(B) the Company has not provided any such loans or advances and guarantees or security to parties other than subsidiaries, joint ventures and associates so this clause shall not be applicable to the Company.

(b) The investment made and the unsecured interest free 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 the unsecured interest free loan granted to its Wholly Owned Subsidiary the terms of arrangements do not stipulate any repayment schedule and the loan is repayable on demand. Since the loan is repayable on demand, we do not make any comment on the regularity of repayment of the principal amount.

(d) As there is no outstanding demand of principal at the year-end, paragraph 3 (iii) (d) of the Order is not applicable.

(e) According to information and explanations given to us, there are 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 has granted a total of ₹ 13,965 Lakhs (Cumulative) of unsecured interest free loan to its Wholly Owned Subsidiary where no period has been defined as the loan is repayable on demand. This loan constitutes 100% of the total loan granted by the Company.

iv. Based on the audit procedures conducted by us and according to the information and explanations given to us, in our opinion, 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 Sections 73 to 76 or any other relevant provisions of the Act 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 Act.

vii. (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) According to the information and explanations given to us and on the basis of examination of books of account and records of the Company, we report that there are no dues in respect of 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 which have not been deposited on account of any dispute.

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	0.53	AY 2006-07	CESTAT Mumbai
2	Income Tax Act, 1961	Disallowance of Certain expenses	93.76 (Net of 63 Lakhs paid under protest)	AY 2015-16	Income Tax Appellate Tribunal
3	Income Tax Act, 1961	Disallowance of Certain expenses	97.45 (Net of 70 Lakhs paid under protest)	AY 2016-17	Income Tax Appellate Tribunal
4	Income Tax Act, 1961	Disallowance of Certain expenses	374.93 (Net of 94 Lakhs paid under protest)	AY 2017-18	Commissioner of Income Tax (Appeals)
5	Income Tax Act, 1961	Disallowance of Certain expenses	130.97	AY 2018-19	Commissioner of Income Tax (Appeals)

viii. According to the information and explanations given to us and on the basis of examination of books of account and records of the Company, we report that 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).

ix. According to the information and explanations provided to us 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) (a) During the year, the Company has not made any preferential allotment or private placement of shares during the year.

xi. (a) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and as per the information and explanations given by the management, we report that no fraud by the Company or any fraud on the Company has been noticed or reported during the year.

(b) No report under Sub-section (12) of Section 143 of the 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 kinds of 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 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 and covering the period up to 31 March 2022 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) According to the information and explanations given to us and based on audit procedures performed by us, we report that the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

(b) According to the information and explanations given to us and based on audit procedures performed by us, we report that the Company has not conducted any non-banking financial or housing finance activities during the year.

(c) Based on the audit procedures performed by us and as per the information and explanations given to us, we report that the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934, since it is a Core Investment Company (CIC) as at 31 March 2022, which is exempted from registration.

(d) According to the information and explanations given to us and based on audit procedures performed by us we report that the Group does not have more than one CIC.

xvii. The Company has not incurred any cash losses during the current financial year, i.e., FY 2021-22 and during immediately preceding financial year, i.e., FY 2020-21.

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 realisation 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 explanation provided to us, the Company has complied with the provisions of Section 135 of the Act and Companies (Corporate Social Responsibility Policy) Rules, 2014.

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration No.105215W/W100057

Sd/-
Parag Pansare
Partner
Membership No.: 117309
UDIN: 22117309AJQNVF2048

Pune, May 26, 2022

Balance Sheet as at 31 March 2022

(Amounts in Indian Rupees Lakhs, unless otherwise stated)

Particulars	Note No.	As at 31 March 2022	As at 31 March 2021
ASSETS			
Financial Assets			
Cash and cash equivalents	6	1,338	3,359
Bank balances other than cash and cash equivalents	7	82	1,472
Receivables	8		
- Trade receivables		28	3
Loans	9	13,965	1,500
Investments	10	1,18,595	1,06,731
Other financial assets	11	2,983	7,759
		1,36,991	1,20,824
Non-Financial Assets			
Investment in subsidiaries	12	21,732	17,637
Inventories	13	1	1
Current tax assets (Net)	14	1,363	1,531
Investment property	15	1,760	1,800
Property, plant and equipment	16	2,134	1,974
Capital work-in-progress	17	–	28
Intangible assets	16	7	2
Intangible assets under development	18	–	11
Other non-financial assets	19	83	135
		27,080	23,119
TOTAL ASSETS		1,64,071	1,43,943
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	1,075	1,288
Other financial liabilities	21	570	452
		1,645	1,740
Non-Financial Liabilities			
Provisions	22	585	493
Deferred tax liabilities (Net)	23, 37	54	130
Other non-financial liabilities	24	364	128
		1,003	751
TOTAL LIABILITIES		2,648	2,491
EQUITY			
Equity share capital	25	978	971
Other equity	26	1,60,445	1,40,481
		1,61,423	1,41,452
TOTAL LIABILITIES AND EQUITY		1,64,071	1,43,943
Notes forming part of the Financial Statements	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: 26 May 2022

For and on behalf of the Board of Directors

Mahesh Chhabria
Managing Director
DIN 00166049

Aditi Chirmule
Executive Director
DIN 01138984

Ashwini Mali
Company Secretary
ACS 19944

Pune: 26 May 2022

kirloskar Industries

Statement of Profit and Loss

for the year ended 31 March 2022

(Amounts in Indian Rupees Lakhs, unless otherwise stated)

Particulars	Note No.	Year ended 31 March 2022	Year ended 31 March 2021
Revenue from Operations			
Interest income	27	283	191
Dividend income		6,570	2,477
Net gain on fair value changes	28	87	130
Revenue from windmill operations	29	320	192
Total Revenue from Operations		7,260	2,990
Other Income	30	3,007	2,821
Total Income		**10,267**	**5,811**
Expenses			
Finance costs	31	151	155
Provision / (Reversal) of Impairment on financial instruments	32	–	(39)
Employee benefit expenses	33	798	709
Depreciation and amortisation expenses	34	285	316
Corporate social responsibility expenses	35	19	30
Operating and other expenses	36	1,004	1,395
Total expenses		**2,257**	**2,566**
Profit before tax		**8,010**	**3,245**
Tax expense	37		
- Current tax		1,726	645
- Short / (Excess) provision of earlier years		244	25
- Deferred tax		(45)	(144)
Total tax expenses		**1,925**	**526**
Profit for the year		**6,085**	**2,719**
Other Comprehensive Income / (Loss)			
Items that will not be reclassified to profit or loss			
a) Gain / (Loss) on remeasurements of defined benefit plan		3	23
b) Gain / (Loss) on fair valuation of investments in equity shares		15,454	54,302
c) Income tax expenses / (reversal) relating to items that will not be reclassified to profit or loss		(799)	(108)
Other Comprehensive Income / (Loss)		**14,658**	**54,217**
Total Comprehensive Income / (Loss) for the year		**20,743**	**56,936**
Earnings per equity share	38		
[Nominal value of share ₹ 10 (Previous Year ₹ 10)]			
Basic (₹)		62.45	28.01
Diluted (₹)		61.04	27.30
Notes forming part of the Financial Statements	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: 26 May 2022

For and on behalf of the Board of Directors

Mahesh Chhabria
Managing Director
DIN 00166049

Aditi Chirmule
Executive Director
DIN 01138984

Ashwini Mali
Company Secretary
ACS 19944

Pune: 26 May 2022

Statement of Changes in Equity

for the year ended 31 March 2022

(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 2022		As at 31 March 2021	
	No.	₹ Lakhs	No.	₹ Lakhs
As at beginning of the year	97,08,650	971	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	71,612	7	–	–
As at end of the year	97,80,262	978	97,08,650	971

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 2020	–	32,360	1,644	(2,636)	51,430	82,798
Profit for the year	–	–	–	–	2,719	2,719
Stock options expense	–	–	638	–	–	638
Stock options expense pertaining to Wholly Owned Subsidiary	–	–	109	–	–	109
Measurement of investments at FVTOCI (net of taxes)	–	–	–	54,200	–	54,200
Remeasurement of defined benefit plans (net of taxes)	–	–	–	–	17	17
As at 31 March 2021	–	32,360	2,391	51,564	54,166	1,40,481
Profit for the year	–	–	–	–	6,085	6,085
Stock options expense	–	–	98	–	–	98
Stock options expense pertaining to Wholly Owned Subsidiary	–	–	140	–	–	140
Transfer to general reservers	–	921	(921)	–	–	–
Measurement of investments at FVTOCI (net of taxes)	–	–	–	14,656	–	14,656
Remeasurement of defined benefit plans (net of taxes)	–	–	–	–	2	2
Transfer to securities premium	260	–	(260)	–	–	–
Adjustment on lapse of vested share options transferred to general reserve	–	–	(46)	–	–	(46)
Appropriations:						
Final Dividend for year 2020-21	–	–	–	–	(971)	(971)
As at 31 March 2022	260	33,281	1,402	66,220	59,282	1,60,445

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: 26 May 2022

For and on behalf of the Board of Directors

Mahesh Chhabria
Managing Director
DIN 00166049

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Pune: 26 May 2022

Kirloskar Industries

Statement of Cash Flow

for the year ended 31 March 2022

(Amounts in Indian Rupees Lakhs, unless otherwise stated)

Particulars	For the year ended 31 March 2022		For the year ended 31 March 2021	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit / (Loss) before tax		8,010		3,245
Adjustments for:				
Depreciation and amortisation expense	285		316	
Expenses on share based payments	64		267	
(Gain) / Loss on fair valuation and sale of mutual funds	(87)		(130)	
Loss / (Profit) on sale of business undertaking to Wholly Owned Subsidiary	-		(265)	
(Gain) / Loss on sale of property plant and equipment and investment property (net)	(43)		2	
Bad debts written off	-		40	
Provision / (Reversal) of impairment on financial instruments	-		(39)	
Provisions no longer required written back	(6)		(6)	
Loss on modification of leases	-		4	
Interest income	(283)		(191)	
Dividend income	(6,570)		(2,477)	
Income from licensing of properties	(2,708)		(2,541)	
Finance cost on fair valuation of financial instruments	151	(9,197)	155	(4,865)
Operating profit / (loss) before working capital changes		(1,187)		(1,620)
Changes in working capital:				
(Increase) / Decrease in inventories	-		(1)	
(Increase) / Decrease in trade receivables	(25)		(3)	
(Increase) / Decrease in other financial assets	134		(166)	
(Increase) / Decrease in other non-financial assets	52		45	
Increase / (Decrease) in other financial liabilities	142		(235)	
Increase / (Decrease) in other non-financial liabilities	9		(12)	
Increase / (Decrease) in provisions	64	376	62	(310)
Cash generated from operations		(811)		(1,930)
Net income tax (paid) / refunds		(1,802)		(886)
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES		**(2,613)**		**(2,816)**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment (including capital work in progress)	(374)		(41)	
Expenses on real estate project under development (transfer to Wholly Owned Subsidiary during the year)	-		(866)	
Proceeds from sale of property, plant and equipment	53		95	
Maturity proceeds of / (investment in) fixed deposits	1,392		(1,365)	
Acquisition of Wholly Owned Subsidiary	-		(2)	
Investments in Wholly Owned Subsidiary	(1,500)		-	
Payment received from Wholly Owned Subsidiary against purchase of Real Estate Business Undertaking	1,500		-	
Proceeds from sale of mutual funds	3,677		1,740	
Interest received	115		163	
Dividend income	6,570		2,477	
Security deposits received / (paid)	16		(39)	
Income from licensing of properties	2,608		2,416	
Loan given to subsidiary	(12,465)		(1,500)	
Purchase of investment properties	(21)		-	
Sale of investment property	14		-	
NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES		**1,585**		**3,078**

Statement of Cash Flow

for the year ended 31 March 2022

(Amounts in Indian Rupees Lakhs, unless otherwise stated)

Particulars	For the year ended 31 March 2022		For the year ended 31 March 2021	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Payment of Lease liability	(31)		(35)	
Proceeds from issue of equity shares under Employee Stock Appreciation Right's Scheme	7		-	
Dividend paid	(969)		(11)	
NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES		(993)		(46)
Net increase / (decrease) in cash and cash equivalents (A+B+C)		(2,021)		216
Cash and cash equivalents at the beginning of the year		3,359		3,143
Cash and cash equivalents at the end of the year (Refer Note No: 6)		1,338		3,359

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: 26 May 2022

For and on behalf of the Board of Directors

Mahesh Chhabria
Managing Director
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Company Secretary
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Pune: 26 May 2022

kirloskar Industries

Notes to and forming part of the Standalone Financial Statements

as at and for the year ended 31 March 2022

(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 2022 were authorised for issue by the Board of Directors on 26 May 2022.

NOTE 2: BASIS OF PREPARATION

The Standalone Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards ("IND AS") notified under 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.

Fair value of plan assets less present value of defined benefit obligation

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, the 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 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

Notes to and forming part of the Standalone Financial Statements

as at and for the year ended 31 March 2022
(Amounts in Indian Rupees lakhs, unless otherwise stated)

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 No. 48.

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 recognised 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 No. 40.

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:

- 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.

kirloskar Industries

Notes to and forming part of the Standalone Financial Statements

as at and for the year ended 31 March 2022

(Amounts in Indian Rupees lakhs, unless otherwise stated)

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 No. 48).
- Financial instruments (including those carried at amortised cost) (refer Note No. 48)

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.

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

Notes to and forming part of the Standalone Financial Statements

as at and for the year ended 31 March 2022

(Amounts in Indian Rupees lakhs, unless otherwise stated)

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 recognised 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 recognised 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 Maharashtra State Electricity Distribution Company Limited (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.

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

Notes to and forming part of the Standalone Financial Statements

as at and for the year ended 31 March 2022

(Amounts in Indian Rupees lakhs, unless otherwise stated)

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 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.

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Investment property in the form of land is not depreciated.

Investment property is derecognised either when it is disposed of 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 of 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 and Loss except to the extent that it can be allocated to any property, plant and 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 and Loss except to the extent that it can be allocated to any property, plant and 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 1 April 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 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 recognised upon application for certification to the respective authorities till such units are sold and valued at lower of cost and net realisable value. Cost comprises of costs incurred for certification of RECs. Net realisable 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

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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 recognised 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 recognised 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 recognised because it cannot be measured reliably. The Company does not recognise 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 amount 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.

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 and 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

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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 recognised 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 recognised 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 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, 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

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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 recognised 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 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

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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) recognised during the period is recognised 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 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

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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 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 Earnings Per Share (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.

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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

On 23 March 2022, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from 1 April 2022, as below:

IND AS 103 –

Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of IND AS 103.

IND AS 16 –

Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss.

IND AS 37 –

Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification.

IND AS 109 –

Annual Improvements to IND AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of IND AS 109 in assessing whether to derecognise a financial liability.

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NOTE 6: CASH AND CASH EQUIVALENTS

Particulars	As at 31 March 2022	As at 31 March 2021
Cash on hand	1	1
Balances with banks		
– On current accounts	154	180
– Fixed deposits having original maturity less than 3 months	1,183	3,178
Total	1,338	3,359

NOTE 7: BANK BALANCES OTHER THAN NOTE (6) ABOVE

Particulars	As at 31 March 2022	As at 31 March 2021
Earmarked balances		
Unclaimed dividend accounts	82	80
Other bank balances		
Deposits with banks	–	1,392
Total	82	1,472

NOTE 8: RECEIVABLES

Particulars	As at 31 March 2022	As at 31 March 2021
Trade receivables		
– Unsecured, considered good	28	3
Total	28	3
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		
Less than six months	28	3
Total	28	3

NOTE 9: LOANS

Particulars	As at 31 March 2022	As at 31 March 2021
Loan		
Loan to Wholly Owned Subsidiary*	13,965	1,500
Total	13,965	1,500

*The loan is unsecured, non interest bearing and repayable on demand.

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NOTE 10: INVESTMENTS

Particulars	Face Value (₹)	As at 31 March 2022		As at 31 March 2021	
		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	26,212	64,22,990	16,505
Swaraj Engines Limited	10	21,14,349	27,642	21,14,349	27,741
Kirloskar Brothers Limited	2	1,89,88,038	53,746	1,89,88,038	45,438
Kirloskar Oil Engines Limited	2	82,10,439	10,834	82,10,439	13,432
Cummins India Limited	2	683	7	683	6
			1,18,441		**1,03,122**
(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	154	1,75,000	19
The Mysore Kirloskar Limited (In liquidation)	10	1,13,460	27	1,13,460	27
Less: Provision for impairment loss			(27)		(27)
			154		**19**
(iii) *Preference shares*					
Kirloskar Proprietary Limited	100	1	–	–	–
Sub-total (A)			1,18,595		**1,03,141**
(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)			–		**–**
(C) Measured at fair value through profit and loss					
Investments in liquid mutual funds					
DSP Blackrock Liquidity Fund- Reg(G)		-	–	61,295	1,790
ICICI Prudential Liquid Plan (G)		–	–	5,93,909	1,800
Sub-total (C)			–		**3,590**
Total (A + B + C)			1,18,595		**1,06,731**

$ Held at nominal value of ₹ 1/-

Kirloskar Industries

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NOTE 11: OTHER FINANCIAL ASSETS

Particulars	As at 31 March 2022	As at 31 March 2021
Measured at amortised cost		
(Unsecured, considered good, unless otherwise stated)		
Contract assets (Unbilled receivables)	16	25
Unsecured, credit impaired	–	–
Less: Allowance for impairment loss	–	–
	16	25
Security deposits	19	15
Other receivables	1	14
Receivable from Wholly Owned Subsidiary for:		
-Transfer of Real Estate Business Undertaking at Kothrud*	–	7,500
-Optionally Convertible Debenture	2,871	–
-Other receivables	76	205
Other advances		
Unsecured, credit impaired	386	386
Less: Allowance for impairment loss	(386)	(386)
	–	–
Total	2,983	7,759

*(Refer Note No. 39)

NOTE 12: INVESTMENT IN SUBSIDIARIES

Particulars	As at 31 March 2022	As at 31 March 2021
Measured at cost		
(Quoted equity instruments, fully paid)		
Kirloskar Ferrous Industries Limited	17,526	17,526
– Extent of holding by the Company is 50.93 % (Previous Year: 51.06%)*		
– Number of shares held 7,06,43,754 (Previous Year: 7,06,43,754)		
(Unquoted equity instruments, fully paid)		
Avante Spaces Limited		
(formerly known as Wellness Space Developers Limited)		
Investment in equity shares	1,502	2
– Extent of holding by the Company is 100% (Previous Year: 100%)		
– Number of shares held 75,10,000 (Previous Year: 10,000)		
Deemed investments	237	109
(Fair value of ESAR to employees of subsidiary)		
Deemed investments in Optionally Convertible Debentures		
(Equity portion)	2,467	–
Total	21,732	17,637

NOTE 13: INVENTORIES

Particulars	As at 31 March 2022	As at 31 March 2021
Renewable Energy Certificates (RECs) and RECs under certification	1	1
[Total REC units 8,138 (Previous Year: 7,905); of which certified units are 7,676 and 462 units are under certification]		
Total	1	1

Notes to and forming part of the Standalone Financial Statements

as at and for the year ended 31 March 2022
(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 14: CURRENT TAX ASSETS (NET)

Particulars	As at 31 March 2022	As at 31 March 2021
Advance Income Tax	1,363	1,531
[Net of Provision for Income Tax]		
Total	1,363	1,531

NOTES 15: INVESTMENT PROPERTY

Particulars	As at 31 March 2022	As at 31 March 2021
Land (at cost) **		
Balance as at the beginning of the year	12	15
Add: Additions during the year	–	–
Less: Sold/Transferred during the year *	1	3
Balance as at the end of the year (i)	11	12
Building (at cost less depreciation)		
(a) Gross block		
Balance as at the beginning of the year	2,669	2,731
Add: Additions during the year	38	–
Less: Transferred during the year *	–	62
Balance as at the end of the year	2,707	2,669
(b) Accumulated depreciation		
Balance as at the beginning of the year	881	844
Add: Depreciation for the year	77	81
Less: Transferred during the year *	–	44
Balance as at the end of the year	958	881
Net Block of building (ii) = (a) - (b)	1,749	1,788
Total investment property (i) +(ii)	1,760	1,800
*Disposals during the Previous Year represent transfer of on account of Real Estate Business Undertaking at Kothrud		
Movement in fair value of investment properties		
Fair value of properties as at the beginning of the year	40,060	75,584
Fair valuation pertaining to property transferred during the year	–	(37,307)
Change in fair value of other properties	8,296	1,783
Fair value of assets as at the end of the year	48,356	40,060

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 2022	Year ended 31 March 2021
Rental income from investment property	2,708	2,541
Expenses arising from investment properties that generated rental income during the year	410	698
Profit from renting of investment properties	2,298	1,843

** Title deeds held in the name of the Company.

Notes to and forming part of Standalone Financial Statements for the year ended 31 March 2022

(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		Furniture and fixtures	Vehicles	Office equipments	Computers and peripherals	Electrical installations	Leasehold improvement	Total (A)	Computer software
	Owned	Right of Use of assets	Wind power generators	Other plant and equipment								
Gross Block												
Balance as at 1 April 2020	1,320	124	2,714	12	182	370	169	46	63	80	5,080	6
- Additions	-	-	-	-	-	-	2	5	-	-	7	38
- (Disposals)/ (Adjustments)	-	(9)	-	(9)	(29)	(191)	(51)	(14)	(7)	-	(310)	(38)
Balance as at 31 March 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
Accumulated Depreciation												
Balance as at 1 April 2020	54	7	2,344	7	54	153	70	29	13	1	2,732	3
- Depreciation charge for the year	22	15	55	1	16	64	28	8	6	17	232	3
- On (Disposals)/ (Adjustments)*$	-	4	-	(6)	(24)	(86)	(33)	(10)	(6)	-	(161)	(2)
Balance as at 31 March 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)	-	-	-	-	-	(135)	-	(1)	-	-	(136)	-
Balance as at 31 March 2022	98	52	2,454	4	61	31	88	31	19	35	2,873	6
Net Block												
Balance as at 31 March 2021	1,244	89	315	1	107	48	55	10	43	62	1,974	2
Balance as at 31 March 2022	1,222	63	260	225	100	142	32	8	37	45	2,134	7

*Disposals during the Previous Year on account of transfer of Real Estate Business Undertaking at Kothrud in respect of plant and equipment ₹ 3 Lakhs, furniture and fixture ₹ 2 Lakhs, vehicle ₹ 12 Lakhs, office equipments ₹ 15 Lakhs, computer and peripherals ₹ 3 Lakhs, electrical installation ₹ 1 Lakh, Computer software ₹ 36 Lakhs.

$ Refer Note No. 47 for Right of Use of assets.

** Title deeds held in the name of the Company.

Amortisation on right of use use of asset includes 2 Lakhs adjusted to clear out casting difference.

Notes to and forming part of the Standalone Financial Statements

as at and for the year ended 31 March 2022
(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 17: CAPITAL WORK-IN-PROGRESS

Particulars	As at 31 March 2022	As at 31 March 2021
Balance as at the beginning of the year	28	12
Add: Additions during the year	260	16
Less: Capitalised during the year	288	-
Balance as at the end of the year	-	**28**
Ageing schedule of capital work- in-progress		
Less than 1 year	-	16
1-2 years	-	12
Total	-	**28**

NOTE 18: INTANGIBLE ASSETS UNDER DEVELOPMENT

Particulars	As at 31 March 2022	As at 31 March 2021
Balance as at the beginning of the year	11	60
Add: Additions during the year	-	19
Less: Capitalised during the year	7	38
Less: Sold/ transferred during the year*	4	30
Balance as at the end of the year	-	**11**

*Disposals during the Previous Year represent transfer of on account of Real Estate Business Undertaking at Kothrud

Ageing schedule of intangible assets under development

Particulars	As at 31 March 2022	As at 31 March 2021
Less than 1 year	-	11
Total	-	**11**

NOTE 19: OTHER NON-FINANCIAL ASSETS

(Unsecured, considered good,unless otherwise stated)

Particulars	As at 31 March 2022	As at 31 March 2021
Prepaid expenses	18	20
Balances with government authorities	63	114
Others	2	1
Total	83	**135**

NOTE 20: DEPOSITS

Particulars	As at 31 March 2022	As at 31 March 2021
Measured at amortised cost		
Others		
-Security deposits	1,075	1,288
Total	1,075	**1,288**

Notes to and forming part of the Standalone Financial Statements

as at and for the year ended 31 March 2022

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 21: OTHER FINANCIAL LIABILITIES

Particulars	As at 31 March 2022	As at 31 March 2021
Measured at amortised cost		
Investors Education and Protection Fund will be credited by the following amounts, as and when due:		
- Unclaimed equity dividend*	82	80
Employee benefits	177	170
Expenses and other payable**	197	84
Commission payable to directors	50	31
Lease liability	64	87
Total	570	452

*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	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
Interest due and payable to suppliers under MSMED Act, 2006, for the payments already made	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	-	-

NOTE 22: PROVISIONS

Particulars	As at 31 March 2022	As at 31 March 2021
Gratuity	241	201
Compensated absences	118	84
Decommissioning and restoration (Refer Note No.43)	226	208
Total	585	493

NOTE 23: DEFERRED TAX LIABILITIES (NET)

Particulars	As at 31 March 2022	As at 31 March 2021
Deferred tax liabilities (Net)	54	130
Total	54	130

NOTE 24: OTHER NON-FINANCIAL LIABILITIES

Particulars	As at 31 March 2022	As at 31 March 2021
Statutory dues payable	91	82
License fees received in advance	273	46
Total	364	128

Notes to and forming part of the Standalone Financial Statements

as at and for the year ended 31 March 2022
(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 25: EQUITY SHARE CAPITAL

(a) Authorised, issued, subscribed and paid-up share capital and par value per share

Particulars	As at 31 March 2022		As at 31 March 2021	
	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	97,80,262	978	97,08,650	971
CALLED UP AND PAID UP				
Equity shares of ₹ 10/- each fully paid up	97,80,231	978	97,08,619	971
SHARE CAPITAL SUSPENSE ACCOUNT*	31	–	31	–
Equity shares of ₹ 10/- each fully paid up				
Total	97,80,262	978	97,08,650	971

* 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 2022		As at 31 March 2021	
	Number	₹ in Lakhs	Number	₹ in Lakhs
Shares outstanding at the beginning of the year	97,08,650	971	97,08,650	971
Add: Issue of equity shares under ESAR scheme	71,612	7	–	–
Less: Shares bought back during the year	–	–	–	–
Shares outstanding at the end of the year	97,80,262	978	97,08,650	971

(c) Equity shares in the Company held by each shareholder holding more than 5% shares

Name of Shareholder	As at 31 March 2022		As at 31 March 2021	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Atul Chandrakant Kirloskar #	12,83,562	13.12%	12,83,562	13.22%
Rahul Chandrakant Kirloskar # #	16,21,688	16.58%	16,21,688	16.70%
Jyotsna Gautam Kulkarni	11,78,592	12.05%	11,78,592	12.14%
Nihal Gautam Kulkarni	5,89,296	6.03%	5,89,296	6.07%
Ambar Gautam Kulkarni	5,89,296	6.03%	5,89,296	6.07%
Alpana Rahul Kirloskar	7,09,648	7.26%	7,09,648	7.31%
Gauri Atul Kirloskar	5,27,608	5.39%	5,27,608	5.43%
India Capital Fund Limited	–	–	9,61,205	9.90%

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)				
	2021-22	2020-21	2019-20	2018-19	2017-18
Equity Shares :					
Fully paid up by way of bonus shares	–	–	–	–	–
Allotted pursuant to contract(s) without payment being received in cash	–	–	–	–	–
Shares bought back	–	–	–	–	–

kirloskar Industries

Notes to and forming part of the Standalone Financial Statements

as at and for the year ended 31 March 2022

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 25: EQUITY SHARE CAPITAL (Contd..)

(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.

(f) Details of shareholding pattern of Promoters

Promoter Name	Share held at the end of the year	No. of shares	% of total shares	% change during the year
(A) Individuals	70,51,534	70,51,534	72.10%	
(B) Companies	46,644	46,644	0.48%	
	70,98,178	70,98,178	72.58%	

NOTE 26: OTHER EQUITY

Particulars	As at 31 March 2022	As at 31 March 2021
(a) Securities Premium		
Balance as at the beginning of the year	-	-
Add: Transfer from surplus of profit and loss	260	-
Balance as at the end of the year	260	-
(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	921	
Balance as at the end of the year	33,281	32,360
(c) Share options outstanding account (Refer Note No. 46- VI)		
Balance as at the beginning of the year	2,391	1,644
Stock options expense	98	638
Stock options expense pertaining to Wholly Owned Subsidiary	140	109
Less : Transferred to general reserve	(921)	-
Less: Transfer to securities premium	(260)	-
Less : Adjustment on lapse of vested share options transferred to general reserve	(46)	-
Balance as at the end of the year	1,402	2,391
(d) Equity instruments through other comprehensive income		
Balance as at the beginning of the year	51,564	2,636
Measurement of investments at FVTOCI (net of taxes)	14,656	54,200
Balance as at the end of the year	66,220	51,564
(e) Surplus / (Deficit) in the Statement of Profit and Loss		
Balance as at the beginning of the year	54,166	51,430
Add: Net Profit transferred from the Statement of Profit and Loss	6,085	2,719
Add / (Less): Remeasurement of defined benefit plans (net of taxes)	2	17
Amount available for appropriation	60,253	54,166
Less: Appropriations:		
Final Dividend for F.Y. 2020-21	971	-
Tax on Final Dividend for F.Y. 2020-21 (2019 - 20)	-	-
Net surplus in the Statement of Profit and Loss	59,282	54,166
Total	1,60,445	1,40,481

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.

Notes to and forming part of the Standalone Financial Statements

as at and for the year ended 31 March 2022
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NOTE 26: OTHER EQUITY (Contd..)

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. 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 27: INTEREST INCOME

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
- On financial assets measured at amortised cost		
Interest on deposits with banks	115	191
Interest on Optionally Convertible Debentures	168	–
Total	283	191

NOTE 28: NET GAIN ON FAIR VALUE CHANGES

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
- On financial instruments measured at fair value through profit and loss		
Investments in mutual funds		
Unrealised	–	122
Realised	87	8
Total	87	130

NOTE 29: REVENUE FROM WINDMILL OPERATIONS

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Sale of wind power	232	189
Sale of renewable energy credit *	88	3
Total	320	192

*8,778 Renewable Energy Certificates (RECs) sold during the year (Previous Year : 271)

Notes to and forming part of the Standalone Financial Statements

as at and for the year ended 31 March 2022

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 30: OTHER INCOME

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Property licensing fees	2,708	2,541
Surplus on transfer of Real Estate Business Undertaking at Kothrud	–	265
Business faciliation services	250	8
Provisions no longer required written back	6	6
Gain on sale of property, plant and equipment	30	–
Gain on sale of investment property	13	–
Miscellaneous income	–	1
Total	3,007	2,821

NOTE 31: FINANCE COSTS

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
-On financial liabilities measured at amortised cost		
Unwinding of interest on security deposit	111	120
Lease liability	9	7
-On provisions		
Unwinding of interest on provision for decommissioning and restoration	18	16
Net interest on net defined benefit liability	13	12
Total	151	155

NOTE 32: PROVISION / (REVERSAL) OF IMPAIRMENT ON FINANCIAL INSTRUMENTS

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
- On financial instruments measured at amortised cost		
Expected Credit Loss / (Reversal) on trade receivables and contract assets	–	(39)
Total	–	(39)

NOTE 33: EMPLOYEE BENEFIT EXPENSES

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Salaries and incentives	623	369
Contributions to provident and other funds	76	36
Employees stock option expense (Refer Note No. 46)	64	263
Gratuity	30	37
Staff welfare expenses	5	4
Total	798	709

NOTE 34: DEPRECIATION AND AMORTISATION EXPENSES

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
On property, plant and equipment (Refer Note No. 16)	180	217
On investment property (Refer Note No. 15)	77	81
On Right of Use of asset (Refer Note No. 16)	26	15
On intangible assets (Refer Note No. 16)	2	3
Total	285	316

Notes to and forming part of the Standalone Financial Statements

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(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 35: CORPORATE SOCIAL RESPONSIBILITY EXPENSES

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Construction / acquisition of any asset		
-Amount already incurred	–	–
-Amount yet to be incurred	–	–
On purposes other than above		
-Amount already incurred	19	30
-Amount yet to be incurred	–	–
Total	19	30

As per Section 135 of the Companies Act, 2013, the Company was required to spend ₹ 19 Lakhs (after settling off excess cotribution pertaining to Previous Year of ₹ 1 Lakh) as expenditure on CSR activities during the year (Previous Year ₹ 29 Lakhs).

NOTE 36: OPERATING AND OTHER EXPENSES

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
A. Operating expenses of windmills		
Operation, maintenance and other charges	78	76
Transmission and wheeling charges	53	33
Other open access charges	16	8
Renewable energy related expenses	7	2
Sub Total	154	119
B. Other expenses		
Security expenses	251	286
Repairs and maintenance :		
-Property	71	31
-Other assets	44	39
Garden and site maintenance	45	54
Rates and taxes	46	362
Legal and professional fees	188	280
Commission to Directors	38	22
Director sitting fees	42	23
Electricity charges	16	17
Travelling expenses	7	4
Insurance charges	18	24
Membership subscription	8	12
Bad debt written off	–	40
Miscellaneous expenses	67	65
Payment to auditors :		
(a) for audit	8	10
(b) for tax audit	–	1
(c) for other services	1	6
Sub Total	850	1,276
Total	1,004	1,395

kirloskar Industries

Notes to and forming part of the Standalone Financial Statements

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(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 37: INCOME TAXES

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
(i) The major components of income tax expense are:		
(a) Statement of Profit and Loss section		
Current income tax charge	1,726	645
Short / (Excess) provision of earlier years	244	25
Deferred tax	(45)	(144)
Income tax expense reported in the Statement of Profit and Loss	1,925	526
(b) Statement of other comprehensive income		
Deferred tax (expense) / income on fair valuation of equity instruments	(800)	102
Deferred tax (expense) / income on remeasurements of defined benefit plan	1	6
Income tax charged to other comprehensive income	(799)	108
(ii) Reconciliation of tax expense and the accounting profit		
Accounting profit for the Company before income tax	8,010	3,245
Enacted tax rates in India	25.17%	25.17%
Computed tax expense	2,016	817
Add / (Less) net adjustment on account of:		
Deduction under Section 80M	(246)	(244)
Profit on transfer of Real Estate Business Undertaking at Kothrud	-	(67)
Disallowances under Income Tax Act, 1961	301	55
Provision of earlier years	(244)	(25)
Capital gain	44	-
Other adjustments	54	(10)
Total	(91)	(291)
Income tax expense	1,925	526
Effective tax rate	24.03%	16.20%

Particulars	As at 31 March 2022	As at 31 March 2021
(iii) Movement in current tax asset / current tax liabilities (net)		
Balance at the beginning of the year (current tax asset (net))	1,531	1,315
Provision recognised during the year	(1,995)	(670)
Current tax paid for the year	1,827	886
Balance at the end of the year	1,363	1,531
Current tax assets	11,984	10,182
Current tax liabilities	10,621	8,651
Total (Net)	1,363	1,531

Notes to and forming part of the Standalone Financial Statements

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NOTE 37: INCOME TAXES (Contd..)

Particulars	Balance Sheet		Statement of Profit and Loss	
	As at 31 March 2022	As at 31 March 2021	Year ended 31 March 2022	Year ended 31 March 2021
(iv) Deferred tax relates to the following:				
Deferred tax assets				
Provision for Employee benefits	90	72	18	7
Provision for Expected Credit Loss	–	–	–	(10)
Provision for dismantling obligation	57	52	5	4
MAT credit entitlement	50	50	–	–
Optionaly Convertible Debentures	788	–	(42)	–
Other temporary difference	–	–	–	–
Gross deferred tax assets	985	174	(19)	1
Deferred tax liabilities				
Property, plant and equipment	137	126	11	(13)
Fair valuation of financial instruments	–	75	(75)	(120)
Fair valuation of equity financial instruments	900	102	798	102
Other temporary difference	2	1	1	(4)
Gross deferred tax liabilities	1,039	304	735	(35)
Deferred tax (assets) / liabilities (Net)	54	130	754	(36)
Amount recognised in Statement of Profit and Loss			(45)	(144)
Amount recognised in Statement of Other Comprehensive Income			(799)	(108)

NOTE 38: 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.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars		Year ended 31 March 2022	Year ended 31 March 2021
Net profit after tax attributable to equity shareholders of the Company	(A)	6,085	2,719
Weighted average number of equity shares in calculating basic EPS	(B)	97,44,526	97,08,650
Effect of dilution:			
Stock options granted under ESOP		2,24,079	2,51,423
Total number of diluted equity shares at the end of the year	(C)	99,68,605	99,60,073
Basic earnings per share of face value of 10 each (₹)	(A/B)	62.45	28.01
Diluted earnings per share of face value of 10 each (₹)	(A/C)	61.04	27.30

NOTE 39: BUSINESS COMBINATION

During the Previous Year, the Company transferred the 'Real Estate Business Undertaking at Kothrud' (a business under common control) to its Wholly Owned Subsidiary, 'Avante Spaces Limited (ASL) (Formerly known as Wellness Space Developers Limited) , as a going concern on a 'Slump Sale' basis vide Business Transfer Agreement dated 19 December, 2020, for consideration of ₹ 7,500/- Lakhs. During the year purchase consideration of ₹ 7,500/- Lakhs is discharged by ASL by way of allotment of 6,00,00,000 non-interest bearing Unsecured Optionally Convertible Debentures (OCD) of ₹ 10 each, for a consideration other than cash amounting to ₹ 6,000 Lakhs. The balance consideration of ₹ 1,500 Lakhs has been settled in cash.

Notes to and forming part of the Standalone Financial Statements

as at and for the year ended 31 March 2022

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 40: EMPLOYEE BENEFITS EXPENSE

(a) Defined contribution plans

The Company has contributed ₹ 76 Lakhs (Previous Year: ₹ 85 Lakhs) towards defined contribution plans i.e., Provident Fund and Superannuation Scheme.

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
– Amount recognised in the Statement of Profit and Loss towards contribution to employees Provident Fund and Superannuation Fund	76	36
– Amount considered under 'Real Estate Project under Development' (transferred to Wholly Owned Subsidiary)	–	33
– Reimbursement of expenses rendered to Wholly Owned Subsidiary	–	16
Total	76	85

(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 2022	Year ended 31 March 2021
Amount recognised in Statement of Profit and Loss under employee benefit expenses		
Current / Past service cost	30	37
Interest expenditure on defined benefit liability	13	12
Amount recognised in Statement of Other Comprehensive Income		
Remeasurements of defined benefit plan (gain) / loss	(3)	(23)

Reconciliation of liability

Particulars	Present value of Obligation	
	Year ended 31 March 2022	Year ended 31 March 2021
Balance at the beginning of the year	201	190
Transfer in / (out)	–	(15)
Current / past service cost	30	37
Net interest (income) / expense	13	12
Total amount recognised in Statement of Profit and Loss	43	49
Remeasurement during the period due to:		
Return on plan assets excluding amounts included in interest income	–	–
Change in financial assumptions	(3)	(23)
Change in experience adjustments	–	–
Total amount recognised in Other Comprehensive Income	(3)	(23)
Employers contributions	–	–
Benefit payments	–	–
Balance at the end of the year	241	201

Notes to and forming part of the Standalone Financial Statements

as at and for the year ended 31 March 2022

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 40: EMPLOYEE BENEFITS EXPENSE (Contd..)

The net liability disclosed above relates to funded and unfunded plans are as follows

Particulars	As at 31 March 2022	As at 31 March 2021
Present value of obligations	241	201
Fair value of plan assets	NA	NA
Deficit / Surplus of plans	(241)	(201)
Deficit of gratuity plan	**(241)**	**(201)**

The principal assumptions used in determining gratuity obligations for the Company are shown below

Particulars	As at 31 March 2022	As at 31 March 2021
a. Discount rate	6.70%	6.40%
b. Rate of increase in compensation cost	10.00%	10.00%
c. Expected average remaining working lives of employees (years)*	6.63	6.59
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 2022 and 31 March 2021, 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 2022	31 March 2021
Discount rate			
Decrease by	1%	5	5
Increase by	1%	(5)	(5)
Future salary increase			
Decrease by	1%	(3)	(2)
Increase by	1%	3	3
Withdrawal rate			
Decrease by	1%	–	–
Increase by	1%	–	–

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 2022	As at 31 March 2021
Within the next 12 months (next annual reporting period)	16	15
Between 2 and 5 years	145	139
Beyond 5 years	16	10
Total expected payments	**177**	**164**

Notes to and forming part of the Standalone Financial Statements

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(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 40: EMPLOYEE BENEFITS EXPENSE (Contd..)

Weighted average duration of defined benefit plan obligation (based on discounted cash flows)

Particulars	31 March 2022	31 March 2021
Weighted average duration of defined benefit plan obligation (years)	7.40	7.60

Risk exposure

Through its defined benefit plans, the entity is exposed to a number of risks, the most significant of which are detailed below:

(A) Changes in bond yields

A decrease in bond yields will increase plan liabilities.

(B) Legislative risk

The Government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognised immediately in the year when any such amendment is effective.

(C) 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.

NOTE 41: CONTINGENT LIABILITIES

Particulars	As at 31 March 2022	As at 31 March 2021
a. Disputed demands		
– Service tax	3	3
– Income tax [out of this ₹ 1,065 Lakhs (Previous Year ₹ 1,065 Lakhs) paid under protest]	1,206	1,234
b. Conveyance deed charges in respect of property	22	22

Notes to and forming part of the Standalone Financial Statements

as at and for the year ended 31 March 2022
(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 42: CAPITAL COMMITMENTS

Particulars	As at 31 March 2022	As at 31 March 2021
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	–	16
Total	–	16

NOTE 43: 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 2022	As at 31 March 2021
Opening balance of provision	208	192
Provisions for the year	18	16
Amounts used during the year	–	–
Closing balance of provision	226	208

*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 44: 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 2022	Year ended 31 March 2021
Revenue from contracts with customers	320	192
Total	320	192

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 Nos. 8 and 11.

C. Contract assets reconciliation

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Opening contract assets	25	83
Revenue recognised during the year	232	192
Written off during the year	–	39
Revenue realised during the year	241	211
Closing contract assets	16	25

Notes to and forming part of the Standalone Financial Statements

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(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 45: 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 (formely 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
Umesh Shastry (till 31 January 2022)	Chief Financial Officer	None
Ashwini Mali	Company Secretary	None

(B) Summary of transactions with related parties

Nature of transaction	Subsidiaries		Key Management Personnel	
	2021-22	2020-21	2021-22	2020-21
Compensation paid to Key Management Personnel*	–	–	1,286	600
Transfer of Real Estate Business Undertaking at Kothrud	–	7,500	–	–
Loan to subsidiary	12,465	1,500	–	–
Security deposit received	–	8	–	–
Sale of assets	4	94	–	–
Reimbursement of expenses received	436	418	–	–
Dividend received	3,885	1,413	–	–
Dividend paid	–	–	2	–
Licensing fees received	21	10	–	–
0% Optionally Convertible Debentures	6,000	–	–	–
Settlement of Business Transfer Agreement	1,500	–	–	–
Purchase of equity shares of Wholly Owned Subsidiary	1,500	–	–	–

Notes to and forming part of the Standalone Financial Statements

as at and for the year ended 31 March 2022

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 45: RELATED PARTY TRANSACTIONS (Contd..)

Outstanding as at 31 March	Subsidiaries		Key Management Personnel	
	2022	2021	2022	2021
Other Payable	–	–	160	140
Security deposit Payable	11	11	–	–
Purchase consideration receivable for acquisition of business undertaking	–	7,500	–	–
Loan	13,965	1,500	–	–
Receivable	76	205	–	–
0% Optionally Convertible Debentures	6,000	–	–	–
Investment in equity -ESAR	237	109	–	–
Investments	19,028	17,528	–	–

***Compensation paid to Key Management Personnel**

Particulars	2022	2021
Short-term employee benefits (compensation)	577	565
Post - employment gratuity benefits	31	18
Other long-term employment benefits	33	17
Share-based payment transactions	645	–
Total	1,286	600

NOTE 46: STOCK OPTION SCHEME

Kirloskar Industries Limited - Equity Settled Stock Appreciation Rights Plan 2019 (KIL ESARP 2019)

The Company had passed Special Resolution through Postal Ballot and approved - 'Kirloskar Industried Limited - Employees Stock Aprreciation Rights 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. 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.

For options granted under KIL ESOP 2017 Plan, 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 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. Consequent to modification in KIL ESOP 2017 with KIL ESARP 2019, for unvested options of KIL ESOP 2017, the Company has recognised incremental fair value of ESAR which shall be amortised over the vesting period as per KIL ESARP 2019 in addition to fair value of original options which will be amortised over the remaining vesting period of original options, in compliance with 'IND AS 102: Share Based Payment'. For options already vested, incremental fair value shall be recognised over the vesting period of KIL ESARP 2019. Further, fair value of new ESARs granted shall be recognised over the vesting period of KIL ESARP 2019.

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(Amounts in Indian Rupees lakhs, unless otherwise stated)

The details of Employee Stock Appreciations Rights granted under KIL ESARP 2019 are as under

Particulars	Year ended 31 March 2022		Year ended 31 March 2021	
	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	4,70,898	500	4,70,898
Granted during the year	–	–	–	–
Exercised during the year	–	(1,07,172)	–	–
Forfeited during the year	–	(24,000)	–	–
Expired during the year	–	–	–	–
Outstanding at the end of the year	500	3,39,726	500	4,70,898
Exercisable at the end of the year	–	2,21,437	–	–
Weighted average share price (₹) $	4.35	–	Not applicable	Not applicable
Weighted average remaining contractual life of options outstanding at the end of the year	–	4.81	–	5.62

$ Weighted average share price disclosure is not applicable since share options are not exercised during the Previous Year.

*Represents the base price with reference to which the appreciation per share shall be computed to determine the number of shares eligible for exercise.

III 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.

IV Modification of KIL ESOP 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: (KIL ESOP 2017 Exercise period – 3 years (Revised terms)	Original Grant date: 01 November 2017, 25 October 2018 and 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

Notes to and forming part of the Standalone Financial Statements

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NOTE 46: STOCK OPTION SCHEME (Contd..)

Premodification fair value for ESOPs granted on 1 November 2017

Grant: (KIL 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: (KIL 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**

V Rationale for the variables used

The variables used for calculating the fair values and their rationale are as follows:

a. **Stock Price**

The closing market price on the National Stock Exchange of India Limited (NSE) on the date of grant has been considered for the purpose of valuation.

b. **Volatility**

Volatility is a measure of the amount by which a price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in the Black-Scholes-Merton option pricing model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time. For calculating volatility, the daily volaitility of stock prices on NSE, over a period prior to the grant date, corresponding with the expected life of the options has been considered.

The period to be considered for volatility has to be adequate to represent a consistent trend in the price movements. It is also important that movements due to abnormal events get evened out. The period considered for the working is commensurate with the expected life of the option.

The fair value of an option is very sensitive to this variable. Higher the volatility, higher is the fair value. The rationale being,

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NOTE 46: STOCK OPTION SCHEME (Contd..)

the more volatile a stock is, the more is its potential to go up (or come down), and the more is the probability to gain from the movement in the price. Accordingly, an option to buy a highly volatile stock is more valuable than the one to buy a less volatile stock, for the probability of gaining is lesser in the latter case.

c. Risk - free interest rate

The risk-free interest rate being considered for the calculation is the interest rate applicable for maturity equal to the expected life of the options based on the zero-coupon yield curve for government securities.

d. Exercise price

Exercise Price of each specific grant has been considered.

e. Time to maturity / expected life of options

The Company has estimated the expected life of the options on the basis of average of minimum and maximum life of the options. Historical data is not considered in expected life calculations.

f. According to IND AS 102, the expected life of an award of stock options shall take into account the following factors

The expected life of an award of stock options considers the following factors:

a) The expected life must at least include the vesting period.

b) The average lengths of time of similar grants have remained outstanding in the past. If the Company does not have sufficiently long history of stock option grants, the experience of an appropriately comparable peer group has been taken into consideration.

c) The expected life of stock options should not be less than half of the exercise period of the stock options issued until and unless the same is supported by historical evidences with respect to stock options issued by the Company earlier.

The fair value of each award has been determined based on different expected lives of the options that vest each year, as if the award were several separate awards, each with a different vesting date.

The time to maturity has been estimated as illustrated by the following example. In case of the options granted on 1 April 2017, the earliest date of exercise for the first vesting is one year from the date of grant that is 1 April 2018. Hence, the minimum life of the option is 1 year. The exercise period is three years from the date of vesting as per the KIL ESOP 2017; hence the maximum life is 4 years. The expected life is the average of minimum and maximum life, i.e. 2.5 years [(1 + 4) /2]. The time to maturity for the remaining vests has been calculated in a similar manner.

g. Expected dividend yield

The dividend yield for each year has been derived by dividing the dividend per share for that year by the average market price per share of the respective period. The expected dividend yield of the Company over the life of the option is estimated considering the Company's past dividend policy.

VI Employee-benefit expenses recognised in the Standalone Financial Statements

The Company has recorded employee stock-based compensation of ₹ 238 Lakhs (Previous Year: ₹ 747 Lakhs) out of which ₹ 64 Lakhs (Previous Year: ₹ 263 Lakhs) has been recognised in the Statement of Profit and Loss after reversal of ₹ 34 Lakhs and ₹ 128 Lakhs (Previous Year : ₹ 109 Lakhs) after reversal of ₹ 12 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 2022.

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(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 47: LEASES

Particulars	As at 31 March 2022	As at 31 March 2021
(A) Right of Use of Assets		
(I) Gross block		
Balance at the beginning of the year	115	124
Add : Addition during the year	–	–
Less : Reduction due to termination of lease agreement during the year	–	(9)
Balance at the end of the year	115	115
(II) Amortisation		
Balance at the beginning of the year	26	7
Amortisation for the year :		
- Pertaining to real estate project	–	11
- Charged to Statement of Profit and Loss	26	15
Less : Reduction due to termination of leases	–	(7)
Balance at the end of the year	52	26
Closing of Right of Use of assets (I-II)	63	89
(B) Movement of Leases liability during the year		
Balance as at beginning of the year	87	109
Additions / Adjustments during the year	–	2
Finance cost incurred during the year	9	11
Payment of Lease liability	32	35
Balance as at end of the year	64	87
(C) Maturity analysis of Leases		
Payment of Lease liability		
Not later than one year	33	31
Later than one year but not later than five years	57	90
Later than five years	–	–
Total	90	121

NOTE 48: 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 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

Notes to and forming part of the Standalone Financial Statements

as at and for the year ended 31 March 2022

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 48: 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 2021

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	3,359	-	-	3,359	3,359
Bank balances other than above	1,472	-	-	1,472	1,472
Receivables					
- Trade receivables	3	-	-	3	3
Loan	-	1,500	-	1,500	1,500
Investments	-	3,590	1,03,141	1,06,731	1,06,731
Other financial assets	7,759	-	-	7,759	7,759
Total	**12,593**	**5,090**	**1,03,141**	**1,20,824**	**1,20,824**
Financial liabilities					
Trade payables	-	-	-	-	-
Deposits	1,288	-	-	1,288	1,288
Other financial liabilities	452	-	-	452	452
Total	**1,740**	**-**	**-**	**1,740**	**1,740**

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.

NOTE 49: 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.

Notes to and forming part of the Standalone Financial Statements

as at and for the year ended 31 March 2022

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 49: FINANCIAL RISK MANAGEMENT (Contd..)

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 2022 in quoted / unquoted equity securities was ₹ 1,18,595 Lakhs (Previous Year : ₹ 1,03,141 Lakhs quoted equity shares and ₹ 3,590 Lakhs in mutual funds). The impact of change in equity price risk is as under:

Particulars	31 March 2022		31 March 2021	
	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
Impact on Statement of Profit and Loss				
Mutual funds	–	–	359	(359)
Impact on Statement of Other Comprehensive Income				
Equity shares	11,860	(11,860)	10,314	(10,314)

(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.

Ageing analysis of trade receivables / Unbilled receivables / Unbilled contract assets Refer Note No. 8

Movement of provision for Expected Credit Loss:

Particulars	As at 31 March 2022	As at 31 March 2021
Opening provision for Expected Credit Loss	–	39
Change during the year (Net)	–	(39)
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.

Kirloskar Industries

Notes to and forming part of the Standalone Financial Statements

as at and for the year ended 31 March 2022

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 49: FINANCIAL RISK MANAGEMENT (Contd..)

(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 2022 and 31 March 2021. 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)	7	10	1,338	–
Other financial liabilities	82	457	31	–
As at 31 March 2022	89	467	1,369	–
Trade payables	–	–	–	–
Deposits (undiscounted)	5	1,319	15	–
Other financial liabilities	80	285	–	–
As at 31 March 2021	85	1,604	15	–

NOTE 50: 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.

NOTE 51: 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

Notes to and forming part of the Standalone Financial Statements

as at and for the year ended 31 March 2022
(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 52: 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 53: 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 2022.

NOTE 54: DIVIDEND

The Board of Directors has proposed Final Dividend of ₹ 10 per equity share for FY 2021-22. (Previous year Final dividend ₹ 10 per equity share i.e. 100%).

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: 26 May 2022

For and on behalf of the Board of Directors

Mahesh Chhabria
Managing Director
DIN 00166049

Aditi Chirmule
Executive Director
DIN 01138984

Ashwini Mali
Company Secretary
ACS 19944

Pune: 26 May 2022

kirloskar Industries

Form AOC-1

Statement pursuant to first provision to Sub-section (3) of Section 129 of the Companies Act, 2013, relating to subsidiary companies:

Part "A" : Subsidiaries

(₹ in lakhs)

1	Name of the Subsidiaries	Kirloskar Ferrous Industries Limited *	Avante Spaces Limited
2	The date since when subsidiary was acquired	May 31, 2013	19-12-2020
3	Reporting period for the subsidiary concerned, if different from the holding Company's reporting Period	N.A	N.A
4	Reporting Currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	N.A	N.A
5	Share Capital	6,936	751
6	Reserves & Surplus	1,69,609	2,665
7	Total Assets	5,25,229	21,879
8	Total Liabilities	2,61,641	14,747
9	Investments	430	-
10	Turnover (Revenue from operations)	3,74,830	-
11	Profit Before taxation	53,319	(425)
12	Provision for Taxation	23,347	(57)
13	Profit after taxation	29,972	(368)
14	Proposed Dividend	-	-
15	% of Shareholding	50.93%	100.00%
16	Names of subsidiaries which are yet to commence operations	-	Avante Spaces Limited
17	Names of subsidiaries which have been liquidated or sold during the year	-	-

* Kirloskar Ferrous Industries Limited (KFIL) includes consolidated ISMT Limited w.e.f. 10 March 2022

Statement pursuant to first provision to Sub-section (3) of Section 129 of the Companies Act, 2013, relating to associates and joint ventures:

Part "B" : Associates and Joint Ventures

1	Name Of Associates	Not Applicable
2	Latest audited Balance Sheet Date;	
3	Date on which the Associate was associated or acquired;	
4	Shares of Associate held by the company on the year end;	
5	Amount of Investment in Associates (Rs in Lakhs)	
6	Extent of Holding (in percentage);	
7	Description of how there is significant influence	
8	Reason why the associate/Joint venture is not consolidated;	
9	Net worth attributable to shareholding as per latest audited Balance Sheet	
10	Profit or Loss for the year Considered in Consolidation Not Considered in Consolidation	
11	Names of associates which are yet to commence operations;	
12	Names of associates which have been liquidated or sold during the year;	

Note : 1 For the Financial Year ending 31 March 2022, the Company has no Joint Venture & Associate.

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: 26 May 2022

For and on behalf of the Board of Directors

Mahesh Chhabria
Managing Director
DIN 00166049

Aditi Chirmule
Executive Director
DIN 01138984

Ashwini Mali
Company Secretary
ACS 19944

Pune: 26 May 2022

Consolidated Financial Statements

To the Members of Kirloskar Industries Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of Kirloskar Industries Limited ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group") which comprise the Consolidated Balance Sheet as at 31 March 2022, 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 31 March 2022, 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.

Emphasis of Matter

In the Consolidated audit report of Kirloskar Ferrous Industries Limited (the Subsidiary) we draw your attention to the matters emphasized by the auditor of the subsidiary which are included in the consolidated financial statements regarding remuneration to erstwhile Managing Director and Non-executive Director of the ISMT Limited (Step-down Subsidiary) amounting to ₹ 26 Lakhs to ₹ 40 Lakhs respectively for the period ended 10 March 2022 (₹ 460 Lakhs cumulative upto 31 March 2022) is subject to the approval of appropriate authorities.

Our opinion is not modified in respect of these Matters.

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 Statement 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 amounting to ₹ 8,516 Lakhs that are pending with various tax authorities. Whether a liability is recognised 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 recognised 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 and 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 capitalise 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 Parent 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 Parent 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 entities or business activities 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 Parent 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. Kirloskar Ferrous industries Limited, the subsidiary, pursuant to terms of the Share Subscription Agreement entered into with ISMT Limited on 10 March 2022, received equity shares through preferential allotment, taking the equity holding of the subsidiary in ISMT Limited to 51.25%. Effective 10 March 2022, ISMT Limited became a Stepdown-subsidiary of the Parent.

b. The accompanying Statements includes the audited financial statements and other financial information, in respect of 11 Subsidiaries (including 10 step-down subsidiary), whose financial statements include total assets of Rs. 2,17,344 Lakhs as at March 31, 2022, total revenue of Rs. 2,18,317 Lakhs, total net profit after tax of Rs. 2,37,040 Lakhs (which includes exceptional item of Rs. 2,51,138 Lakhs), total comprehensive loss of Rs. 1,005 Lakhs and net cash inflow of Rs. 2,040 Lakhs for the year ended March 31, 2022, as considered in the consolidated financial Statement which have been audited by their independent auditors.

   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.

c. The accompanying consolidated financial statements includes unaudited financial statements and other unaudited financial information in respect of one step-down subsidiary located outside India, whose financial statements, financial information reflect total assets of Rs. 0.1 Lakhs as at March 31, 2022, total revenue of Rs. Nil Lakhs and total net loss after tax (including due to exchange translation) of Rs 0. 1 Lakhs for the year ended March 31, 2022 and net cash outflow of Rs 0.1 Lakhs for the year ended on that date, as considered in the consolidated annual financial results.

d. 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 Parent as on 31 March 2022, 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 is disqualified as on 31 March 2022, 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 Parent, 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 / provided by the Parent Company to its directors' during year is in accordance with the provisions of Section 197 of the Act. However, in respect remuneration paid / provided to rest while Managing Director and Non-Executive Director of ISMT (the Step-down Subsidiary of the parent) is subject to approval of the appropriate authorities.

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 No. 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 Parent 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 Parent 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 Parent 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 Parent 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 Parent 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 Parent 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 Parent 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 matters specified in Paragraph 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 (II) of the Act, to be included in the Auditors'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.

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration No.105215W/W100057

Sd/-
Parag Pansare
Partner
Membership No.: 117309
UDIN: 22117309AJQNZA3061

Pune, May 26, 2022

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 31 March 2022, we have audited the internal financial controls over financial reporting of Kirloskar Industries Limited (hereinafter referred to as “the Parent”) 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 Parent, 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 Parent 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 Parent 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 Parent, 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 31 March 2022, 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: 22117309AJQNZA3061

Pune, May 26, 2022

Consolidated Balance Sheet as at 31 March 2022

(Amounts in Indian Rupees lakhs, unless otherwise stated)

Particulars	Note No.	As at 31 March 2022	As at 31 March 2021
ASSETS			
1 Financial Assets			
(a) Cash and cash equivalents	6	9,435	4,481
(b) Bank balances other than (a) above	7	24,969	2,138
(c) Derivative financial instruments	8	337	-
(d) Receivables	9		
(i) Trade receivables		74,688	36,075
(e) Investments	10	1,19,025	1,06,786
(f) Other financial assets	11	3,574	1,213
		2,32,028	1,50,693
2 Non-Financial Assets			
(a) Inventories	12	99,222	28,439
(b) Current tax assets (net)	13	2,297	3,566
(c) Deferred Tax assets (net)	25 , 43	-	8
(d) Investment property	14	1,760	1,800
(e) Property, plant and equipment	15	2,76,013	1,03,739
(f) Capital work-in-progress	16	39,771	22,958
(g) Intangible assets	15	194	186
(h) Intangible assets under development	17	2,011	1,355
(i) Goodwill	51	1	1
(j) Other non-financial assets	18	19,089	6,875
		4,40,358	1,68,927
TOTAL ASSETS		6,72,386	3,19,620
LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial Liabilities			
(a) Derivative financial instruments	19	-	188
(b) Trade payables	20		
(i) total outstanding dues of micro enterprises and small enterprises		3,303	1,969
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,02,373	34,956
(c) Borrowings (other than debt securities)	21	1,14,483	29,177
(d) Deposits	22	1,198	1,333
(e) Other financial liabilities	23	13,888	14,775
		2,35,245	82,398
2 Non-Financial Liabilities			
(a) Current tax liability (net)		1,293	-
(b) Provisions	24	3,455	1,469
(c) Deferred tax liabilities (net)	25, 43	19,776	8,974
(d) Other non-financial liabilities	26	6,091	3,292
		30,615	13,735
TOTAL LIABILITIES		2,65,860	96,133
3 Equity			
(a) Equity share capital	27	978	971
(b) Other equity	28	2,31,874	1,73,607
Equity attributable to owners of the Company		2,32,852	1,74,578
Non-controlling interest		1,73,674	48,909
Total Equity		4,06,526	2,23,487
TOTAL LIABILITIES AND EQUITY		6,72,386	3,19,620
Notes forming part of the Financial Statements	1 to 56		

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: 26 May 2022

For and on behalf of the Board of Directors

Mahesh Chhabria
Managing Director
DIN 00166049

Aditi Chirmule
Executive Director
DIN 01138984

Ashwini Mali
Company Secretary
ACS 19944

Pune: 26 May 2022

kirloskar Industries

Consolidated Statement of Profit and Loss for the year ended 31 March 2022

(Amounts in Indian Rupees lakhs, unless otherwise stated)

Particulars		Note No.	Year ended 31 March 2022	Year ended 31 March 2021
1	Revenue from Operations			
	(a) Interest income	29	292	271
	(b) Dividend income		2,729	1,064
	(c) Net gain on fair value changes	30	87	130
	(d) Revenue from sale of products	31	3,75,149	2,04,000
	Total Revenue from Operations		3,78,257	2,05,465
2	Other Income	32	3,821	2,762
3	Total Income		3,82,078	2,08,227
4	Expenses			
	(a) Finance costs	33	3,110	2,676
	(b) Cost of material consumed	34	2,29,623	1,04,879
	(c) Purchases of Stock-in-Trade		-	-
	(d) Changes in inventories of finished goods, work-in-progress and by-product	35	(2,952)	345
	(e) Provision / (Reversal) of impairment on financial instruments	36	412	235
	(f) Employee benefit expenses	37	14,724	11,428
	(g) Depreciation and amortisation expense	38	9,548	7,934
	(h) Corporate social responsibility expense	39	472	391
	(i) Operating and other expenses	40	70,309	42,566
5	Total Expenses		3,25,246	1,70,454
6	Profit before tax		56,832	37,773
7	Tax expense	43		
	- Current tax		16,356	9,394
	- Short / (Excess) provision of earlier years		177	(59)
	- Deferred tax		8,681	(2,707)
8	Total tax expenses		25,214	6,628
9	Profit for the year		31,618	31,145
10	Other Comprehensive Income / (Loss)			
	Items that will not be reclassified to profit or loss			
	a) Gain / (Loss) on remeasurements of defined benefit plan		(147)	(97)
	b) Gain / (Loss) on fair valuation of investments in equity shares		15,829	54,307
	c) Income tax expenses / (reversal) relating to items that will not be reclassified to profit or loss		(699)	(79)
	d) Capital reserve on arising account of business combination		48,830	-
	Items that will be reclassified to profit or loss			
	Foreign Currency Translation Differences		(9)	-
11	Other Comprehensive Income / (Loss)		63,804	54,131
12	Total Comprehensive Income / (Loss) for the year		95,422	85,276
	Profit attributable to:			
	– Owners of the Company		19,360	16,379
	– Non-controlling interest		12,258	14,766
	Other Comprehensive Income / (Loss) attributable to:			
	– Owners of the Company		63,639	54,171
	– Non-controlling interest		165	(40)
	Total Comprehensive Income / (Loss) attributable to:			
	– Owners of the Company		82,999	70,550
	– Non-controlling interest		12,423	14,726
13	Earnings per equity share			
	[Nominal value of share ₹ 10 (Previous Year ₹ 10)]			
	Basic (₹)	44	198.68	168.70
	Diluted (₹)		193.77	163.99
	Notes forming part of the Financial Statements	1 to 56		

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: 26 May 2022

For and on behalf of the Board of Directors

Mahesh Chhabria
Managing Director
DIN 00166049

Aditi Chirmule
Executive Director
DIN 01138984

Ashwini Mali
Company Secretary
ACS 19944

Pune: 26 May 2022

Consolidated Statement of Changes in Equity for the year ended 31 March 2022

(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 2022		As at 31 March 2021	
	No.	₹ lakhs	No.	₹ lakhs
As at beginning of the year	97,08,650	971	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	71,612	7	-	
As at end of the year	97,80,262	978	97,08,650	971

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 2020	-	34,159	4,284	1,947	(2,636)	64,527	35,189	1,37,470
Profit for the year	-	-	-	-	-	16,379	14,766	31,145
Adjustment on lapse of vested share options	-	-	-	-	-	8	-	8
Stock options expense	-	-	-	802	-	-	53	855
Measurement of investments at FVTOCI	-	-	-	-	54,202	-	2	54,204
Adjustment on lapse of unvested share options	-	-	-	(8)	-	-	-	(8)
Remeasurement of defined benefit plans (net of taxes)	-	-	-	-	-	(31)	(42)	(73)
Increase on exercise of ESOPs of subsidiary	-	-	-	-	-	120	143	263
Transferred to non controlling interest due to variations in holding of shares in subsidiary	-	-	-	-	-	(149)	149	-
Share application money received	-	-	-	-	-	3	3	6
Appropriations:								-
Transfer to general reserve	-	255	-	-	-	(255)	-	-
Interim Dividend for year 2020-21	-	-	-	-	-	-	(1,354)	(1,354)
As at 31 March 2021	-	34,414	4,284	2,741	51,566	80,602	48,909	2,22,516

Kirloskar Industries

Consolidated Statement of Changes in Equity for the year ended 31 March 2022

(Amounts in Indian Rupees lakhs, unless otherwise stated)

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 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
Increased during the year	-	-	24,869	-	-	-	23,961	48,830
Adjustment on lapse of vested share options	-	921	-	(921)	-	-	-	-
Stock options expense	-	-	-	248	-	-	10	258
Measurement of investments at FVTOCI (net of taxes)	-	-	-	-	14,803	-	142	14,945
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
Transfer to securities premium	260	-	-	(260)	-	-	-	-
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
Foreign Currency Translation Reserve	-	-	-	-	-	(3)	(2)	(5)
Opening adjustment relating to lease	-	-	-	-	-	2	-	2
Share application money received	-	-	-	-	-	3	-	3
Cost of share issued to Wholly Own Susbsidiary	-	-	-	-	-	(11)	-	(11)
Appropriations:								
Transfer to general reserve	-	255	-	-	-	(255)	-	-
Final Dividend	-	-	-	-	-	(971)	(3,735)	(4,706)
As at 31 March 2022	260	35,590	29,153	1,762	66,369	98,740	1,73,674	4,05,548

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: 26 May 2022

For and on behalf of the Board of Directors

Mahesh Chhabria
Managing Director
DIN 00166049

Aditi Chirmule
Executive Director
DIN 01138984

Ashwini Mali
Company Secretary
ACS 19944

Pune: 26 May 2022

Consolidated Statement of Cash Flow for the year ended 31 March 2022

(Amounts in Indian Rupees lakhs, unless otherwise stated)

Particulars	For the year ended 31 March 2022		For the year ended 31 March 2021	
A. Cash flow from operating activities				
Net Profit / (Loss) before tax		56,832		37,773
Adjustments for:				
Depreciation and amortisation expense	9,548		7,934	
Bad debts written off	–		52	
Unrealised foreign exchange (Gain) / Loss	254		(541)	
Expenses on share based payments	248		387	
Loss on demolition of assets	84		–	
Sale of scrap from demolition of assets	(99)		–	
(Gain) / Loss on fair valuation and sale of mutual funds	(87)		(130)	
Provision for doubtful debts	41		–	
(Gain) / Loss on sale of property, plant and equipment and investment property (net)	(514)		(18)	
(Gain) / Loss on modification of Leases	–		4	
Provision / (Reversal) of impairment on financial assets	412		235	
Interest income	(292)		(271)	
Dividend income	(2,729)		(1,064)	
Income from licensing of properties	(2,702)		(2,551)	
Sundry credit balances appropriated	(14)		–	
Provisions no longer required written back	(392)		(148)	
Acquisition cost related to Step-down Subsidiary	820		–	
Fair value changes on equity instruments	375		–	
Fair value changes in derivative financial instruments	(337)		188	
Finance cost	3,110		2,676	
		7,726		6,753
Operating profit / (loss) before working capital changes		**64,558**		**44,526**
Changes in working capital:				
(Increase) / Decrease in inventories	(25,142)		(4,795)	
(Increase) / Decrease in trade receivables	(7,096)		(7,102)	
(Increase) / Decrease in other financial assets	(23,746)		(33)	
(Increase) / Decrease in other non-financial assets	(868)		(1,142)	
Increase / (Decrease) in other financial liabilities	(893)		1,518	
Increase / (Decrease) in trade payables	41,941		(133)	
Increase / (Decrease) in other non-financial liabilities	(1,379)		2,098	
Increase / (Decrease) in provisions	(595)		182	
		(17,778)		(9,407)
Cash generated from operations		46,780		35,119
Net income tax (paid) / refund		(13,491)		(9,521)
Net cash flow from / (used in) operating activities		**33,289**		**25,598**
B. Cash flow from investing activities				
Purchase of property, plant and equipment (including capital work in progress)	(43,457)		(22,055)	
Expenses on Real estate project under development	(12,015)		(1,497)	
Proceeds from sale of property, plant and equipment	689		71	
Fair value changes in Investments	(375)		–	
Maturity proceeds of / (investments in) fixed deposits	1,392		(1,365)	
Acquisition of Wholly Owned Subsidiary	–		(2)	
Proceeds from sale of mutual funds	3,677		1,740	
Receipt on sale of scrap of assets	99		–	
Interest income	315		259	
Dividend income	2,729		1,064	
Security deposits received / (paid)	16		11	
Income from licensing of properties	2,602		2,410	

kirloskar Industries

Consolidated Statement of Cash Flow for the year ended 31 March 2022

(Amounts in Indian Rupees lakhs, unless otherwise stated)

Particulars	For the year ended 31 March 2022		For the year ended 31 March 2021	
Investment in other financial assets	(235)		-	
Purchase of investments	(48,504)		-	
Share issuance cost	(11)		-	
Sale of investment property	14		-	
Net cash flow from / (used in) investing activities		(93,064)		(19,364)
C. Cash flow from financing activities				
Other borrowing costs	(1,062)		(35)	
Interest paid	(2,390)		(2,479)	
Proceeds from long term borrowings (net)	30,883		(2,148)	
Proceeds / (Repayment) from short term borrowings	(30,060)		200	
Proceeds from issue of equity shares	7		270	
Premium on issue of equity shares	184		-	
Payment of lease liabilities	(48)		(35)	
Dividend paid	(4,704)		(1,365)	
Net cash flow from / (used in) financing activities		(7,190)		(5,592)
Net increase / (decrease) in cash and cash equivalents (A+B+C)		(66,965)		642
Cash and cash equivalents at the beginning of the year		4,481		3,839
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)		9,435		4,481

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: 26 May 2022

For and on behalf of the Board of Directors

Mahesh Chhabria
Managing Director
DIN 00166049

Aditi Chirmule
Executive Director
DIN 01138984

Ashwini Mali
Company Secretary
ACS 19944

Pune: 26 May 2022

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2022

(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 and real estate development.

The Consolidated Financial Statements of the Group for the year ended 31 March 2022, were authorised for issue by the Board of Directors on 26 May 2022.

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 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

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2022

(Amounts in Indian Rupees lakhs, unless otherwise stated)

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 No. 52.

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 recognised 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.

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 2022. 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

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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 31.03.2022	Reporting date	Status
Kirloskar Ferrous Industries Limited	India	50.93%	31.03.2022	Subsidiary
Wellness Space Developers Limited	India	100%	31.03.2022	Wholly Owned Subsidiary
ISMT Limited (Step-down Subsidiary)	India	51.25% (KFIL's Holding)	31.03.2022	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.

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

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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 No. 52)
- Financial instruments (including those carried at amortised cost) (Refer Note No. 52)

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.

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.'

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
Office Equipments	
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.

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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 amortised 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.

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 recognised 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 recognised 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.

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(iv) Dividend is recognised as income when right to receive 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.

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

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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 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 of 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 and Loss except to the extent that it can be allocated to any property, plant and 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 and Loss except to the extent that it can be allocated to any property, plant and 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.

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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.

m) Inventories

- Raw materials are valued at lower of cost and net realisable 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 recognised upon application for certification to the respective authorities till such units are sold and valued at lower of cost and net realisable value. Cost comprises of costs incurred for certification of RECs. Net realisable 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.

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 recognised 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.

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.

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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 recognised 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 recognised because it cannot be measured reliably. The Group does not recognise 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.

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 recognised 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 recognised 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.

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

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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.

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 recognised in the OCI. There is

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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 recognised 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:

- 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

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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) recognised during the period is recognised 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.

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

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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 Earnings Per Share (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.

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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 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, as below:

IND AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of IND AS 103. The Company does not expect the amendment to have any significant impact in its Financial Statements.

IND AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Group is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Group does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its Financial Statements.

IND AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Group does not expect the amendment to have any significant impact in its Financial Statements.

IND AS 109 – Annual Improvements to IND AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of IND AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its Financial Statements.

IND AS 106 – Annual Improvements to IND AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its Financial Statements.

Notes to and forming part of the Consolidated Financial Statements

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NOTE 6: CASH AND CASH EQUIVALENTS

Particulars	As at 31 March 2022	As at 31 March 2021
Cash on hand	3	2
Balances with banks		
– On current accounts	3,808	1,301
– Fixed deposits having original maturity less than 3 months	5,624	3,178
Total	9,435	4,481

NOTE 7: BANK BALANCES OTHER THAN (6) ABOVE

Particulars	As at 31 March 2022	As at 31 March 2021
Earmarked balances		
Unclaimed dividend accounts	24,553	676
Other bank balances		
Margin money deposits	2	2
Deposits with banks	414	1,460
Total	24,969	2,138

NOTE 8: DERIVATIVE FINANCIAL INSTRUMENTS

Particulars	As at 31 March 2022	As at 31 March 2021
Derivative assets		
Foreign currency forward contract	337	–
Total	337	–

NOTE 9: RECEIVABLES

Particulars	As at 31 March 2022	As at 31 March 2021
Trade receivables		
– Unsecured, considered good	76,354	36,075
– Receivables which are credit impaired	536	535
Less : Allowance for bad and doubtful trade receivables	(2,202)	(535)
	(1,666)	–
Total	74,688	36,075
Movement in allowance of bad and doubtful trade receivables		
Balance as at the beginning of the year	535	261
Addition on account of business acquisition	1,661	274
Provided during the year	6	-
Amount written off	–	-
Amount written back	–	-
Balance as at the end of the year	2,202	535
Ageing schedule of Trade Receivables		
(i) Undisputed Trade Receivables – considered good		
Not Due	55,289	31,747
Less than 6 months	17,539	3,385
6 months - 1 year	1,237	46
1-2 years	76	61
2-3 years	56	43
More than 3 years	1,347	11
	75,544	35,293

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NOTE 9: RECEIVABLES (Contd..)

Particulars	As at 31 March 2022	As at 31 March 2021
(ii) Disputed Trade Receivables – which are credit impaired		
Less than 6 months	–	–
6 months - 1 year	–	8
1-2 years	22	8
2-3 years	8	190
More than 3 years	506	330
	536	536
(iii) Unbilled dues	810	781
Less: Provision for doubtful receivables	(2,202)	(535)
Total	74,688	36,075

NOTE 10: INVESTMENTS

Particulars	Face Value (₹)	As at 31 March 2022 Nos.	As at 31 March 2022 ₹ in Lakhs	As at 31 March 2021 Nos.	As at 31 March 2021 ₹ 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	26,212	64,22,990	16,505
Swaraj Engines Limited	10	21,14,349	27,642	21,14,349	27,741
Kirloskar Brothers Limited	2	1,89,88,038	53,746	1,89,88,038	45,438
Kirloskar Oil Engines Limited	2	82,10,439	10,834	82,10,439	13,432
Cummins India Limited	2	683	7	683	6
			1,18,441		1,03,122
(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	583	6,62,500	73
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)
			–		–
			584		74
Sub-total (A)			1,19,025		1,03,196
(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)			–		-
(C) Measured at fair value through profit and loss					
Investments in liquid mutual funds					
DSP Blackrock Liquidity Fund- Reg(G)		61,295	–	61,295	1,790
ICICI Prudential Liquid Plan (G)		5,93,909	–	5,93,909	1,800
Sub-total (C)			–		3,590
Total (A + B + C)			1,19,025		1,06,786

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NOTE 11: OTHER FINANCIAL ASSETS

Particulars	As at 31 March 2022	As at 31 March 2021
Measured at amortised cost		
(Unsecured considered good, unless otherwise stated)		
Contract assets (unbilled receivables)	16	25
Unsecured, credit impaired	–	–
Less: Allowance for impairment loss	–	–
	16	25
Security deposits	3,333	1,058
Loan to employees	141	35
Loan to contractors	84	79
Other receivables	–	16
Unsecured, credit impaired	386	386
Less: Allowance for impairment loss	(386)	(386)
	–	–
Total	3,574	1,213

NOTE 12: INVENTORIES

Particulars	As at 31 March 2022	As at 31 March 2021
Raw material at site	26,568	7,222
Raw material in transit	27,881	11,910
Work-in-progress *	16,737	3,101
Finished goods **	10,780	977
Finished goods in transit	1,218	–
Stores and spares	15,849	4,753
By-products	188	475
Renewable Energy Certificates (RECs) and RECs under certification	1	1
[Total REC units 7,905 (Previous Year: 7,905); of which certified units are 7,179 and 726 units are under certification]		
Total	99,222	28,439
***Details of Work-in-progress**		
a. Castings	4,507	2,450
b. Tube	10,322	–
c. Steel	779	–
d. Others	1,129	651
Total	16,737	3,101
****Details of Finished Goods and Finished Goods in transit**		
a. Castings	1,334	516
b. Pig iron	367	461
c. Tube	7,054	–
d. Steel	3,243	–
Total	11,998	977

NOTE 13: CURRENT TAX ASSETS (NET)

Particulars	As at 31 March 2022	As at 31 March 2021
Advance Income Tax	2,297	3,566
Net of provision for Income Tax		
Total	2,297	3,566

kirloskar Industries

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(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 14: INVESTMENT PROPERTY

Particulars	As at 31 March 2022	As at 31 March 2021
Land (at cost) **		
Balance as at the beginning of the year	12	15
Add: Additions during the year	-	-
Less: Transferred to property, plant and equipment	1	3
Balance as at the end of the year (i)	**11**	**12**
Building (at cost less depreciation)		
(a) Gross block		
Balance as at the beginning of the year	2,669	2,731
Add: Additions during the year	38	-
Less: Sold during the year	-	-
Less: Transferred to property, plant and equipment	-	62
Balance as at the end of the year	**2,707**	**2,669**
(b) Accumulated depreciation		
Balance as at the beginning of the year	881	844
Add: Depreciation for the year	77	81
Less: On disposals	-	-
Less: Transferred to property, plant and equipment	-	44
Balance as at the end of the year	**958**	**881**
Net Block of building (ii) =(a) - (b)	**1,749**	**1,788**
Total investment property (i)+(ii)	**1,760**	**1,800**
Movement in fair value of investment properties		
Fair value of assets as at the beginning of the year	40,060	75,584
Fair valuation pertaining to property transferred to property, plant and equipment during the year	-	(37,307)
Change in fair value of other properties	8,296	1,783
Fair value of assets as at the end of the year	**48,356**	**40,060**

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 the Statement of Profit and Loss relating to investment properties

Particulars	For year ended 31 March 2022	For year ended 31 March 2021
Rental income from investment properties	2,708	2,541
Expenses arising from investment properties that generated rental income during the year	410	698
Profit from renting of investment properties	**2,298**	**1,843**

** Title deeds held in the name of the Company.

Notes to and forming part of Consolidated Financial Statements for the year ended 31 March 2022

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NOTE 15: PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Particulars	Tangible assets (A)															Intangible assets (B)		
	Freehold land	Leasehold land **	Building		Plant and equipment				Furniture and fixtures	Vehicles	Office equip-ments	Computers and peripherals	Electrical installations	Leasehold improve-ment	Total of (A)	Mining rights	Computer software	Total (B)
			Owned	Right of Use of assets	Plant and equipments	windmill generator	Plant and equipments under lease	Right of Use of assets										
Gross Block																		
Balance as at 1 April 2020	799	442	23,414	124	1,13,186	2,714	7	–	505	943	770	425	63	80	1,43,472	11	1,106	1,117
– Additions	1,119	194	3,713	–	18,746	–	–	–	13	34	98	70	–	–	23,987	–	76	76
– Transfer from investment property	3	–	62	–	–	–	–	–	–	–	–	–	–	–	65	–	–	–
– (Disposals)	–	–	–	(9)	(114)	–	–	–	(5)	(27)	(9)	(6)	–	–	(170)	–	–	–
– Adjustments	–	–	232	–	(232)	–	–	–	–	–	–	–	–	–	–	–	–	–
Balance as at 31 March 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
Accumulated Depreciation																		
Balance as at 1 April 2020	–	–	8,521	7	43,502	2,344	3	–	246	445	547	293	13	1	55,922	11	893	904
- Depreciation charge for the year	–	–	846	15	6,473	55	–	–	41	153	79	65	6	17	7,750	–	103	103
- Transfer from investment property	–	–	44	–	–	–	–	–	–	–	–	–	–	–	44	–	–	–
- (Disposals)	–	–	–	–	(67)	–	–	–	(1)	(25)	(6)	(6)	–	–	(105)	–	–	–
- Adjustments	–	–	10	4	(10)	–	–	–	–	–	–	–	–	–	4	–	–	–
Balance as at 31 March 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
Impairment																		–
Balance as at 31 March 2021	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
impairment during the period	–	23	–	–	336	–	–	–	–	–	–	–	–	–	359	–	–	–
Balance as at 31 March 2022	–	23	–	–	336	–	–	–	–	–	–	–	–	–	359	–	–	–
Net Block																		
Balance as at 31 March 2021	1,921	636	18,000	89	81,688	315	4	–	227	377	239	137	44	62	1,03,739	–	186	186
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

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Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2022

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 16: CAPITAL WORK-IN-PROGRESS

Particulars	As at 31 March 2022	As at 31 March 2021
Balance as at the beginning of the year	22,958	13,781
Additions during the year	40,205	32,557
Additions due to business combination at cost	464	-
Disposal during the year	(23,828)	-
Capitalised during the year	(28)	(23,380)
Balance as at the end of the year	**39,771**	**22,958**
Ageing schedule of capital work- in-progress		
Less than 1 year	30,358	20,797
1-2 years	8,210	1,349
2-3 years	481	677
more than 3 years	722	135
Total	**39,771**	**22,958**

NOTE 17: INTANGIBLE ASSETS UNDER DEVELOPMENT

Particulars	As at 31 March 2022	As at 31 March 2021
Balance as at the beginning of the year	1,356	666
Additions during the year	740	766
Disposal during the year	(80)	-
Capitalised during the year	(5)	(77)
Balance as at the end of the year	**2,011**	**1,355**
Ageing schedule of Intagible assets under development		
Less than 1 year	522	750
1-2 years	883	62
2-3 years	64	543
more than 3 years	542	-
Total	**2,011**	**1,355**

NOTE 18: OTHER NON-FINANCIAL ASSETS

(Unsecured considered good, unless otherwise stated)

Particulars	As at 31 March 2022	As at 31 March 2021
Capital advances	9,462	1,935
Advance to suppliers	5,830	3,219
Prepaid expenses	988	331
Claims receivable and Other Refunds	313	-
Unsecured, credit impaired	44	54
Less : Allowance for impairment	(44)	(54)
Balances with Government authorities	2,000	1,389
Others	496	1
Total	**19,089**	**6,875**

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2022

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 19: DERIVATIVE FINANCIAL INSTRUMENTS

Particulars	As at 31 March 2022	As at 31 March 2021
Derivative liabilities		
Foreign currency forward contract	–	188
Total	**–**	**188**

NOTE 20: TRADE PAYABLES

Particulars	As at 31 March 2022	As at 31 March 2021
Trade payables		
(i) Due to micro,small and medium enterprises	3,303	1,969
Total (i)	**3,303**	**1,969**
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		
Acceptances	67,678	21,559
Others	34,695	13,397
Total (ii)	**1,02,373**	**34,956**
Ageing schedule of Trade payables		
(i) MSME		
Not Due	2,374	1,969
Less than 1 year	886	–
1-2 years	40	–
2-3 years	3	–
More than 3 years	–	–
	3,303	**1,969**
(ii) Others		
Unbilled	2,187	–
Not Due	85,656	31,863
Less than 1 year	16,029	2,952
1-2 years	285	73
2-3 years	85	15
More than 3 years	286	53
	1,02,341	**34,956**
(iii) Disputed dues - Others		
Not Due	–	–
Less than 1 year	–	–
1-2 years	–	–
2-3 years	–	–
More than 3 years	32	–
	32	**–**
	1,05,676	**36,925**

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2022

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 21: BORROWINGS (OTHER THAN DEBT SECURITIES)

Particulars	As at 31 March 2022	As at 31 March 2021
Measured at amortised cost		
From Bank	–	–
Short term borrowings	–	–
Secured		
– Term loans	8,851	5,800
– Cash credit	–	–
– Non Convertible Debenture	25,000	–
Unsecured		
– Working capital facility	–	–
– Term loans	–	2,700
– Commerical Paper	53,043	–
– Vendor bill discount	255	–
– Others	775	–
Long term borrowings		
– Term Loan	26,559	20,677
Total	**1,14,483**	**29,177**

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.

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	5.90%	60 months	Repayment in 51 monthly installments, (i.e., 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., 26 April, 2019. At every put and call option date interest rate will be reset.
Kotak Mahindra Bank Ltd.	3,000	5.40%	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., 5 November 2019. At every put and call option date interest rate will be reset.
Kotak Mahindra Bank Ltd.	4,000	5.40%	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., 5 November 2019. At every put and call option date interest rate will be reset.
Kotak Mahindra Bank Ltd.	5,000	5.40%	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., 29 October 2020. At every put and call option date interest rate will be reset.
Kotak Mahindra Bank Ltd.	1,000	5.30%	48 months	Repayment in 39 monthly equall installments of ₹ 26 Lakhs. Put and call option at the end of every 12 months from the date of first draw down of the facility, i.e., 1 July 2021. At every put and call option date interest rate will be reset.

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2022

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 21: BORROWINGS (OTHER THAN DEBT SECURITIES) (Contd..)

Name of bank	Loan availed	Interest rate per annum payable monthly	Tenure	Principal Repayment
Kotak Mahindra Bank Ltd.	15,000	5.25%	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., 31 December 2021. At every put and call option date interest rate will be reset.
Non-Convertible Debentures	12,500	6.65%	24 months	Payable on 10 March 2024. Interest is payable on annual basis.
Non-Convertible Debentures	12,500	6.65%	36 months	Payable on 10 March 2025. Put and call option at the end of 24 months. Interest is payable on annual basis.

Particulars	As at 31 March 2022	As at 31 March 2021
Net debt position		
Cash and Bank Balance		
Cash and cash equivalents	9,435	4,481
Borrowings	(1,14,483)	(29,177)
Net debt	(1,05,048)	(24,696)

Net debt reconciliation

Particulars	Cash and bank balance	Borrowings	Total
Net debt as at 1 April 2020	**3,839**	**(31,124)**	**(27,285)**
Cash flows	642	-	642
Interest accrued but not due as on 1 April 2019	-	1	1
Interest accrued but not due as on 31 March 2020	-	(2)	(2)
Interest expense	-	2,480	2,480
Interest paid	-	(2,480)	(2,480)
(Borrowings) / Repayment (net)- short term	-	(200)	(200)
(Borrowings) / Repayment (net)- long term	-	2,148	2,148
Net debt as at 31 March 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	-	(30,883)	(30,883)
(Borrowings) / Repayment (net)- long term	-	30,060	30,060
Net debt as at 31 March 2022	9,435	(1,14,483)	(1,05,048)

NOTE 22: DEPOSITS

Particulars	As at 31 March 2022	As at 31 March 2021
Measured at amortised cost		
Others		
-Security deposits	1,198	1,333
Total	1,198	1,333

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Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2022

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 23: OTHER FINANCIAL LIABILITIES

Particulars	As at 31 March 2022	As at 31 March 2021
Measured at amortised cost		
Investors Education and Protection Fund will be credited by the following amounts, as and when due:		
- Unclaimed equity dividend*	581	676
Creditors for capital goods	3,890	9,955
Employee benefits	4,659	2,679
Expenses and other payable	3,586	1,103
Commission payable to directors	50	31
Gratuity to be funded to LIC	–	244
Lease liability	425	87
Other liability	697	–
Total	13,888	14,775

*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 2022	As at 31 March 2021
Gratuity	898	222
Compensated absences	2,202	954
Decommissioning and restoration (Refer Note No. 48)	226	208
Expected sales return	129	85
Total	3,455	1,469

NOTE 25: DEFERRED TAX ASSETS/ LIABILITIES

(Refer Note No. 43)

Particulars	As at 31 March 2022	As at 31 March 2021
Deferred Tax Asset	-	8
Total	-	8
Deferred tax liability	19,776	8,974
Total	19,776	8,974

NOTE 26: OTHER NON-FINANCIAL LIABILITIES

Particulars	As at 31 March 2022	As at 31 March 2021
Statutory dues payable	1,415	1,854
Advances from customers	4,221	1,392
Other liability	182	-
License fees received in advance	273	46
Total	6,091	3,292

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2022

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 27: EQUITY SHARE CAPITAL

(a) Authorised, issued, subscribed and paid-up share capital and par value per share

Particulars	As at 31 March 2022		As at 31 March 2021	
	Number	₹ in Lakhs	Number	₹ in Lakhs
AUTHORISED				
Equity Shares of ₹ 10/- each	5,00,00,000	–	5,00,00,000	5,000
ISSUED AND SUBSCRIBED				
Equity Shares of ₹ 10/- each	97,80,262	978	97,08,650	971
CALLED UP AND PAID UP				
Equity Shares of ₹ 10/- each fully paid up	97,80,231	978	97,08,619	971
SHARE CAPITAL SUSPENSE ACCOUNT*				
Equity Shares of ₹ 10/- each fully paid up	31	–	31	–
Total	97,80,262	978	97,08,650	971

*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 2022		As at 31 March 2021	
	Number	₹ in Lakhs	Number	₹ in Lakhs
Shares outstanding at the beginning of the year	97,08,650	971	97,08,650	971
Add: Issue of equity shares under ESAR scheme	71,612	7	–	–
Less: Shares bought back during the year	–	–	–	–
Shares outstanding at the end of the year	97,80,262	978	97,08,650	971

(c) Equity shares in the Company held by each shareholder holding more than 5% shares

Name of Shareholder	As at 31 March 2022		As at 31 March 2021	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Atul Chandrakant Kirloskar #	12,83,562	13.12%	12,83,562	13.22%
Rahul Chandrakant Kirloskar # #	16,21,688	16.58%	16,21,688	16.70%
Jyotsna Gautam Kulkarni	11,78,592	12.05%	11,78,592	12.14%
Nihal Gautam Kulkarni	5,89,296	6.03%	5,89,296	6.07%
Ambar Gautam Kulkarni	5,89,296	6.03%	5,89,296	6.07%
Alpana Rahul Kirloskar	7,09,648	7.26%	7,09,648	7.31%
Gauri Atul Kirloskar	5,27,608	5.39%	5,27,608	5.43%
India Capital Fund Limited	–	–	9,61,205	9.90%

Out of these, 12,83,537 (Previous Year: 16,35,275) 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)				
	2021-22	2020-21	2019-20	2018-19	2017-18
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 2022

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 27: EQUITY SHARE CAPITAL (Contd..)

(f) Details of shareholding pattern of Promoters:

Promoter Name	Share held at the end of the year	No. of shares	% of total shares	% change during the year
(A) Individuals	70,51,534	70,51,534	72.10%	-
(B) Companies	46,644	46,644	0.48%	-
Total	70,98,178	70,98,178	72.58%	-

NOTE 28: OTHER EQUITY

Particulars	As at 31 March 2022	As at 31 March 2021
(a) Securities Premium		
Balance as at the beginning of the year	-	-
Add: Transfer from surplus of profit and loss	260	-
Balance as at the end of the year	260	-
(b) General reserve		
Balance as at the beginning of the year	34,414	34,159
Add: Transfer from surplus of profit and loss	255	255
Add: Transfer from share options outstanding account	921	-
Balance as at the end of the year	35,590	**34,414**
(c) Capital reserve		
Balance as at the beginning of the year	4,284	4,284
Add : Increase / (decrease) during the year	24,869	-
Balance as at the end of the year	29,153	**4,284**
(d) Share options outstanding account		
Balance as at the beginning of the year	2,741	1,947
Add : Stock options expense	248	802
Less: Transfer to securities premium	(260)	-
Less : Adjustment on lapse of unvested share options	(46)	(8)
Less : Transfer from share options outstanding account	(921)	-
Balance as at the end of the year	1,762	**2,741**
(e) Equity instruments through other comprehensive income		
Balance as at the beginning of the year	51,566	(2,636)
Measurement of investments at FVTOCI (net of taxes)	14,803	54,202
Balance as at the end of the year	66,369	**51,566**
(f) Surplus/ (Deficit) in the Statement of Profit and Loss		
Balance as at the beginning of the year	80,602	64,527
Add: Net Profit transferred from the Statement of Profit and Loss	19,360	16,379
Add : Adjustment on lapse of unvested share options	-	8
Add / (Less): Remeasurement of defined benefit plans (net of taxes)	14	(31)
Add : Increase on exercise of ESOPs of subsidiary	158	120
Less : Opening adjustment relating to Leases	2	-
Add : Foreign Currency Translation Reserve	(3)	-
Less : Transferred to non controlling interest due to variations in holding of shares in subsidiary	(159)	(149)
Less: Share issue cost for Wholly Owned Subsidiary	(11)	-
Add : Share application money received	3	3
Amount available for appropriation	99,966	**80,857**
Less: Appropriations:		
Transfer to general reserve	255	255
Final Dividend F.Y.2020-21	971	-
Net surplus in the Statement of Profit and Loss	98,740	**80,602**
Total	2,31,874	**1,73,607**

Notes to and forming part of the Consolidated Financial Statements

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(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) **Capital reserve**

If the value of investment in subsidiary is less than the book value of the net assets acquired, the difference represents capital reserve.

4) **Share options outstanding account**

The share option outstanding account is used to recognise the fair value of options to the employees under the employee stock option plan of the Group, which are unvested or unexercised as on the reporting date.

5) **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.

6) **Surplus / (Deficit) in the Statement of Profit & Loss**

This comprise of the undistributed profit after taxes.

NOTE 29: INTEREST INCOME

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
- On financial assets measured at amortised cost		
-Interest on deposits with banks	117	192
-Interest on other financial assets	175	79
-Other interest	–	–
Total	292	271

NOTE 30: NET GAIN ON FAIR VALUE CHANGES

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
- On financial instruments measured at fair value through profit and loss		
Investments in mutual funds		
Unrealised	–	122
Realised	87	8
Total	87	130

Notes to and forming part of the Consolidated Financial Statements

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(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 31: REVENUE FROM SALE OF PRODUCTS

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Sale of products		
Pig Iron	2,18,226	1,06,732
Castings	1,28,963	87,440
By-products	6,912	3,649
Tube	12,307	–
Steel	2,748	–
Sale of wind power	232	189
Sale of renewable energy credit	88	3
Total (a)	3,69,476	1,98,013
Other operating income		
Export incentive	178	–
Scrap / Coke / Miscellaneous sales (b)	5,495	5,987
Total (b)	5,673	5,987
Total (a)+ (b)	3,75,149	2,04,000

NOTE 32: OTHER INCOME

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Property licensing fees	2,700	2,551
Incentive From Industrial Promotion Scheme	19	–
Gain on sale of Fixed Assets	514	–
Sale of scrap	99	–
Insurance claim received	1	–
Sundry credit balances approriated	14	–
Provisions no longer required written back	300	148
Rental Income and equipment leasing charges	23	21
Gain on sale of property, plant and equipment	–	20
Miscellaneous income	151	22
Total	3,821	2,762

NOTE 33: FINANCE COSTS

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
-On financial liabilities measured at amortised cost		
Interest expenses	1,213	1,102
Interest on working capital loan	120	–
Interest on term loan	1,276	1,378
Unwinding of interest on security deposit	111	120
Lease liability	9	7
Other borrowing costs	349	36
On provisions		
Unwinding of interest on provision for decommissioning and restoration	18	16
Net Interest on net defined benefit liability	14	17
Total	3,110	2,676

Notes to and forming part of the Consolidated Financial Statements

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(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 34: COST OF MATERIAL CONSUMED

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Stock at the beginning of the year	19,132	14,331
Add : Purchases	2,50,637	1,09,680
Add : Acquired pursuant to business combination	14,303	–
Less : Stock at the end of the year	54,449	19,132
Total	2,29,623	1,04,879

NOTE 35: CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND BY-PRODUCT

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Inventory at the end of the year		
Finished goods	11,998	977
By-Products	188	475
Work-in-progress	16,737	3,101
Total	28,923	4,553
Inventory at the beginning of the year		
Finished goods	10,073	895
By-Products	475	154
Work-in-progress	15,423	3,849
Total	25,971	4,898
(Increase) / Decrease	(2,952)	345

NOTE 36: PROVISION / (REVERSAL) OF IMPAIRMENT ON FINANCIAL INSTRUMENTS

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
- On financial instruments measured at amortised cost		
Expected Credit Loss / (reversal) on trade receivables and contract assets	412	235
Total	412	235

NOTE 37: EMPLOYEE BENEFIT EXPENSES

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Salaries and incentives	12,326	9,582
Contributions to Provident Fund and Other Funds	572	376
Employees stock option expense	248	383
Gratuity	188	183
Staff welfare expenses	1,386	888
Others	4	16
Total	14,724	11,428

NOTE 38: DEPRECIATION AND AMORTISATION EXPENSE

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
On property, plant and equipment (Refer Note No. 15)	9,367	7,735
On investment property (Refer Note No. 14)	77	81
On Right of Use of asset (Refer Note No. 15)	26	15
On intangible assets (Refer Note No. 15)	78	103
Total	9,548	7,934

Notes to and forming part of the Consolidated Financial Statements

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(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 39: CORPORATE SOCIAL RESPONSIBILITY EXPENSE

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Construction / acquisition of any asset		
– Amount already incurred	–	–
– Amount yet to be incurred	–	–
On purposes other than above		
– Amount already incurred	472	391
– Amount yet to be incurred	–	–
Total	472	391

NOTE 40: OPERATING AND OTHER EXPENSES

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
A. Operating expenses		
Consumption of stores, spares and consumables	27,218	17,176
Power, fuel and water	12,383	8,111
Fettling and other manufacturing expenses	2,870	2,171
Repairs and maintenance		
– Machinery	3,552	1,607
– Buildings	266	201
Machinery hire charges	437	246
Operation, maintenance and other charges for windmills	154	119
Other processing expenses	2,775	2,000
Other direct expenses	173	–
Sub Total	49,828	31,631
B. Selling expenses		
Freight and forwarding expenses (net)	12,684	6,770
Sales commission and incentive	17	–
Royalty	840	469
Advertisement	38	16
Other selling expenses	37	16
Sub Total	13,616	7,271
C. Other expenses		
Communication expenses	100	38
Loss on sale / demolition / scrap of assets	84	–
Net loss on foreign currency transactions	789	283
Security expenses	323	304
Repairs and maintenance		
-Property	71	36
-Other assets	223	141
Garden and site maintenance	45	54
Rent, rates and taxes	371	531
Legal and professional fees	1,672	599
Commission to directors	274	222
Director sitting fees	121	66
Acquisition related cost in business combination	820	–
Travelling expenses	259	108
Insurance charges	259	183
Bad debt written off	–	52
Miscellaneous expenses	1,384	990
Payment to auditors		
(a) for audit	69	43
(b) for taxation audit	–	5
(c) for other services	1	9
Sub Total	6,865	3,664
Total	70,309	42,566

Notes to and forming part of the Consolidated Financial Statements

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(Amounts in Indian Rupees lakhs, unless otherwise stated)

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 2022	Year ended 31 March 2021
a. Revenue expenses		
Cost of materials / consumables / spares	16	3
Employee related expense	380	303
Other expense	26	22
Total	422	328
b. Capital expenditure		
Office equipment	2	35
Intangible assets	13	7
Total	15	42

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 2022	Year ended 31 March 2021
(i) The major components of income tax expense are:		
(a) Statement of Profit and Loss section		
Current income tax charge	16,356	9,394
Short / (Excess) provision of earlier years	177	(59)
Deferred tax:		
Deferred tax	8,681	(2,707)
Income tax expense reported in the Statement of Profit and Loss	25,214	6,628
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	(715)	103
Deferred tax (expense) / income on remeasurements of defined benefit plan	16	(24)
Income tax charged to Other Comprehensive Income	(699)	79
(ii) Reconciliation of tax expense and the accounting profit		
Accounting profit for the Group before income tax	56,832	37,773
Enacted tax rates in India	25.168%	25.168%
Computed tax expense	14,303	9,507
Add / (Less) net adjustment on account of:		-
Deduction under Section 80M	(246)	(244)
Disallowances under Income Tax Act, 1961	301	71
Provision of earlier years	(311)	(59)
Tax effect of pre-acquisition period on account of business acquisition	5,208	-
On account of business combination and consolidation adjustments	4,505	-
Other Items which are not deductible (taxable) in calculating taxable income	176	-
Capital gain	44	-
Reversal of opening deferred tax liability due to rate change	-	(3,197)
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 from FY 2020-21	978	356
Loss of wholly owned subsidiary ineligible for set-off for tax computation at Group Level	147	28

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NOTE 43: INCOME TAXES (Contd..)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Other adjustments	4	166
Total adjustments	10,911	(2,879)
Income tax expense	25,214	6,628
Effective tax rate	44.37%	17.55%

Particulars	Balance Sheet		Statement of Profit and Loss	
	As at 31 March 2022	As at 31 March 2021	Year ended 31 March 2022	Year ended 31 March 2021
(iii) Deferred tax relates to the following:				
Deferred tax assets				
Provision for employee benefits	111	81	30	16
Provision for Expected Credit Loss	135	135	–	33
Provision for dismantling obligation	57	52	5	4
MAT credit entitlement	50	50	–	–
Disallowances under Section 43B of Income tax Act, 1961	1,305	422	883	(97)
Provision for Impairment in Value of Project - Capital work in progress	7,568	-	7,568	-
Gross deferred tax assets	9,226	740	8,486	(44)
Deferred tax liabilities				
Property, plant and equipment	28,045	9,527	18,518	(2,651)
Fair valuation of financial instruments	–	75	(75)	(120)
Fair valuation of Equity financial instruments	900	102	798	102
Other temporary difference	57	2	55	(4)
Gross deferred tax liabilities	29,002	9,706	19,296	(2,673)
Deferred tax (assets) / liabilities (net)*	19,776	8,966	10,810	(2,629)

*Breakup of movement in Deferred Tax (assets) / Liabilities (Net)	Year ended 31 March 2022	Year ended 31 March 2021
Amount recognised in Statement of Profit and Loss	8,681	(2,707)
Amount recognised in Statement of Other Comprehensive Income	699	79
Deferred Tax adjustment through Profit and Loss Accounts	9,380	(2,629)
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	10,810	(2,629)

NOTE 44: EARNING PER SHARE

Basic Earning Per Share (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.

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NOTE 44: EARNING PER SHARE (Contd..)

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars		Year ended 31 March 2022	Year ended 31 March 2021
Net profit after tax as per Statement of Profit and Loss		31,618	31,145
Less: Non-controlling interest		12,258	14,766
Net profit attributable to the owners of the Company	(A)	19,360	16,379
Weighted average number of equity shares in calculating basic EPS	(B)	97,44,526	97,08,650
Effect of dilution:			
Stock options granted under ESOP		2,24,079	2,51,423
Total number of diluted equity shares at the end of the year	(C)	99,68,605	99,60,073
Adjustment to numerator on account of ESOP issued by subsidiary	(D)	(44)	(45)
Net profit after tax and non-controlling interest for computing diluted EPS	(E) = (A) + (D)	19,316	16,334
Basic earnings per share of face value of ₹ 10 each (in ₹)	(A/B)	198.68	168.70
Diluted earnings per share of face value of ₹ 10 each (in ₹)	(E/C)	193.77	163.99

NOTE 45: CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

a. Contingent liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
a. Disputed demands		
– Central excise and customs	2,826	7
– Service tax	380	305
– Sales tax	443	83
– Goods and Service tax	275	–
– Income tax	3,353	2,993
– Others	1,196	–
b. Provident fund matters	67	186
c. Conveyance deed charges in respect of property	22	22
d. Labour matters to the extent quantifiable	47	44
e. License fees - Tamilnadu Maritime Board (TPPCL)	1,139	-
e. Bank guarantee	1,378	1,396

b. Capital commitments

Particulars	As at 31 March 2022	As at 31 March 2021
Stamp duty and registration fees	121	–
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	28,880	14,414
Total	28,880	14,414

NOTE 46: BORROWING COST CAPITALISED

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Capitalised during the year	40	171
Total	40	171

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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 2022	Year ended 31 March 2021
Segment revenue		
– Windpower generation	320	192
– Investments (securities and properties)	5,737	3,944
– Real Estate	–	–
– Iron casting	3,56,051	2,04,091
– Tube	13,995	–
– Steel	2,748	–
– Unallocable	6,865	–
Total	**3,85,716**	**2,08,227**
Less: Inter segment revenue	1,241	–
Less: Sales to Subsidiary	2,397	–
Net Sales	**3,82,078**	**2,08,227**
Segment Results		
Profit (+) / Loss (-) before tax and interest from each segment		
– Windpower generation	61	(48)
– Investments (securities and properties)	4,144	2,008
– Real Estate	(453)	(122)
– Iron casting	56,130	38,846
– Tube	1,860	–
– Steel	(1,000)	–
– Unallocable	(713)	–
Total Profit before interest and tax	**60,029**	**40,684**
– Finance cost	(3,110)	(2,676)
-Other unallocable income / (expenditure) net off unallocable income / (expenditure)	(87)	(235)
Total profit before tax	**56,832**	**37,773**
– Current tax	16,356	9,394
– Short / (Excess) provision of earlier years	177	(59)
– Deferred tax	8,681	(2,707)
Total profit after tax	**31,618**	**31,145**
Segment assets		
– Windpower generation	408	394
– Investments (securities and properties)	1,23,670	1,13,803
– Real Estate	21,732	9,265
– Iron casting	2,58,127	1,93,254
– Tube	1,54,122	–
– Steel	69,607	–
– Other un-allocated assets	44,720	2,904
Total segment assets	**6,72,386**	**3,19,620**
Segment liabilities		
– Windpower generation	257	235
– Investments (securities and properties)	2,160	1,958
– Real Estate	1,686	400
– Iron casting	1,31,612	93,320
– Tube	12,968	–
– Steel	16,186	–
– Other un-allocated liabilities	1,00,991	220
Total segment liabilities	**2,65,860**	**96,133**
Capital Employed		
(segment assets – segment liabilities)		
– Windpower generation	151	159

Notes to and forming part of the Consolidated Financial Statements

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(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 47: SEGMENT REPORTING (Contd..)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
– Investments (securities and properties)	1,21,510	1,11,845
– Real Estate	20,046	8,865
– Iron casting	1,26,515	99,934
– Tube	1,41,154	–
– Steel	53,421	–
– Unallocable corporate assets less liabilities	(56,271)	2,684
Less: Non controlling interest	1,73,674	48,909
Total capital employed	**2,32,852**	**1,74,578**
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 and properties)	275	7
– Real Estate	–	637
– Iron casting	23,795	23,419
– Tube	574	–
– Steel	425	–
– Unallocable corporate assets	148	–
Total assets acquired	**25,224**	**24,063**
Depreciation and amortisation		
– Windpower generation	58	58
– Investments (securities and properties)	168	175
– Real Estate	61	20
– Iron casting	8,786	7,598
– Tube	281	–
– Steel	99	–
– Unallocable corporate depreciation	95	83
Total depreciation and amortisation	**9,548**	**7,934**

(* 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:

Class of Provision	Casting rejections*	Provision for decommissioning and Restoration**
Opening balance as on 1 April 2021	85	208
Provisions for the year	129	18
Amounts used during the year	85	–
Closing balance as on 31 March 2022	129	226

*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 windmills.

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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. Umesh Shastry (Upto 31 January 2022)	Chief Financial Officer	None
Mrs. Ashwini Mali	Company Secretary	None
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	None
Mr. Rajiv Goel	Chief Financial Officer	None
Subsidiaries of Step-down Subsidiary		
b) Tridem Port and Power Company Private Limited		
Mr. Sinna Durai Rajanbabu	Whole Time Director	None
c) Structo hydraulics		
Ms. Anne Karlson	Director	None

(b) Related party transactions

Nature of transaction	Year	Key Management Personnel
Expenses rendering of services	2021-22	3,375
	2020-21	1,785
Dividend paid	2021-22	44
	2020-21	15
Outstanding as at 31 March		
Payable	2022	161
	2021	809
Receivable	2022	–
	2021	–

Compensation of Key Management Personnel of the Group

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Short term employee benefits	2,562	1,682
Post employment benefits	105	53
Other long term benefits	63	29
Share based payments	645	21
Total	**3,375**	**1,785**

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NOTE 50: BUSINESS COMBINATIONS

Step down subsidiary acquired

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: GOODWILL ON CONSOLIDATION

During the Previous Year the Company has acquired Avante Spaces Limited (formerly known as "Wellness Space Developers Limited") to facilitate the effective management of Real Estate activities of the Group.

Particulars	Amount
Consideration transferred	2
Less: Fair Value of net assets acquired	1
Goodwill arising on acquisition	**1**

NOTE 52: 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 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	74,688	–	–	74,688	74,688
Investments	–	–	1,19,025	1,19,025	1,19,025
Other financial assets	3,574	–	–	3,574	3,574
Total	**1,12,666**	**337**	**1,19,025**	**2,32,028**	**2,32,028**
Financial liabilities					
Derivative financial instruments	–	–	–	–	–
Trade payables	1,05,676	–	–	1,05,676	1,05,676
Borrowings (other than debt securities)	1,14,483	–	–	1,14,483	1,14,483
Deposits	1,198	–	–	1,198	1,198
Other financial liabilities	13,888	–	–	13,888	13,888
Total	**2,35,245**	**–**	**–**	**2,35,245**	**2,35,245**

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 2021

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	4,481	–	–	4,481	4,481
Bank balances other than above	2,138	–	–	2,138	2,138
Derivative financial instruments	–	–	–	–	–
Receivables					
(i) Trade receivables	36,075	–	–	36,075	36,075
Investments	–	3,590	1,03,196	1,06,786	1,06,786

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NOTE 52: 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
Other financial assets	1,213	–	–	1,213	1,213
Total	**43,907**	**3,590**	**1,03,196**	**1,50,693**	**1,50,693**
Financial liabilities					
Derivative financial instruments	–	188	–	188	188
Trade payables	36,925	–	–	36,925	36,925
Borrowings (other than debt securities)	29,177	–	–	29,177	29,177
Deposits	1,333	–	–	1,333	1,333
Other financial liabilities	14,775	–	–	14,775	14,775
Total	**82,210**	**188**	**–**	**82,398**	**82,398**

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 2022	1,18,442	337	583
As at 31 March 2021	1,06,713	(188)	73

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 53: 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.

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NOTE 53: FINANCIAL RISK MANAGEMENT (Contd..)

(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.

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 Group's investment as at 31 March 2022 in quoted / unquoted equity securities was ₹ 1,19,024 Lakhs (Previous Year : ₹ 1,03,196 Lakhs quoted equity shares and ₹ 3,590 Lakhs in mutual funds). The impact of change in equity price risk is as under:

Particulars	31 March 2022		31 March 2021	
	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
Impact on Statement of Profit and Loss				
Mutual funds	–	–	359	(359)
Impact on Statement of Comprehensive Income				
Equity shares	11,902	(11,902)	10,320	(10,320)

(B) Credit risk

The Group is exposed to credit risk from its operating activities (primarily trade receivables).

I. Trade receivables

Credit risk is the risk that one party to the financial instrument will cause financial loss for the other party by failing to discharge an obligation. To manage this, the Group 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.

For ageing analysis of trade receivables / unbilled contract assets refe Note No. 9.

Movement of provision for Expected Credit Loss

Trade receivables	As at 31 March 2022	As at 31 March 2021
Opening provision for Expected Credit Loss	–	39
Amount written back	–	(39)
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.

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NOTE 53: 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	-	1,05,676	-	-
Borrowings (other than debt securities)	-	69,785	44,698	-
Deposits	7	141	1,330	-
Other financial liabilities	82	13,487	319	-
As at 31 March 2022	89	1,89,089	46,347	-
Trade payables	-	36,925	-	-
Borrowings (other than debt securities)	-	16,294	12,097	786
Deposits	5	1,372	8	-
Other financial liabilities	80	14,608	-	-
As at 31 March 2021	85	69,199	12,105	786

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 as follows:

Particulars	31 March 2022	31 March 2021
Fixed rate borrowings		
Term loan from banks	26,559	18,524
Non Convertible Debentures	25,000	-
Commercial Papers	53,043	-
Others	775	
	1,05,377	18,524
Variable rate borrowings		
Term loan from banks	-	2,153
Loans repayable on demand	9,106	8,500
Total variable rate borrowings	9,106	10,653
Impact on profit before tax and pre-tax equity		
Increase by 50 basis points	(46)	(53)
Decrease by 50 basis points	46	53

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.

Details of foreign currency exposures that are hedged by derivative instruments or otherwise

(Curraency in Lakhs)

Particulars	Currency	Amount in foreign currency	Equivalent Indian currency	Maturity Profile
Payables				
As at 31 March 2022	USD	583	43,944	Within 6 Months
As at 31 March 2021	USD	224	16,690	Within 6 Months

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2022

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 53: FINANCIAL RISK MANAGEMENT (Contd..)

Details of foreign currency exposures that are not hedged by derivative instruments or otherwise

(Curraency in Lakhs)

Particulars	Currency	Amount in foreign currency	Amount Equivalent Indian currency
Receivables			
As at 31 March 2022	USD	50	380
	Australian Dollar	–	1
	GBP	–	24
	EURO	49	4,121
As at 31 March 2021	USD	–	–
	Australian Dollar	–	–
	GBP	–	–
	EURO	–	–
Payables			
As at 31 March 2022	USD	322	24,409
	EURO	38	3,081
	YEN	261	162
As at 31 March 2021	USD	80	5,827
	EURO	1	65
	YEN	1,118	776

Foreign currency sensitivity on unhedged exposure

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
	Australian Dollar	+5%	–	–
		-5%	–	–
	GBP	+5%	1	1
		-5%	(1)	(1)
	EURO	+5%	52	52
		-5%	(52)	(52)
	YEN	+5%	(8)	(8)
		-5%	8	8
For 31 March 2021	USD	+5%	(291)	(291)
		-5%	291	291
	EURO	+5%	(3)	(3)
		-5%	3	3
	YEN	+5%	(39)	(39)
		-5%	39	39

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 Group 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 Group procures the above referred materials at prevailing market prices.

Notes to and forming part of the Consolidated Financial Statements

as at and for the year ended 31 March 2022

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 53: FINANCIAL RISK MANAGEMENT (Contd..)

Total exposure of the Group to commodities in INR

Commodity	Unit of Measurement	Purchases		Trade Payables as on	
		2021-22	2020-21	31 March 2022	31 March 2021
Coke	MT	18,351	47,007	–	–
	₹ Lakhs	4,487	8,471	–	113
Coal	MT	5,47,366	4,22,853	–	–
	₹ Lakhs	1,17,628	44,031	50,957	21,744
Iron Ore	MT	10,06,718	6,46,106	–	–
	₹ Lakhs	67,898	28,285	382	1,062

Commodity	Unit of Measurement	Sales		Trade Receivables as on	
		2021-22	2020-21	31 March 2022	31 March 2021
Pig Iron	MT	4,95,555	3,13,690	–	–
	₹ Lakhs	2,20,177	1,06,732	16,513	14,427

The Group has an elaborate control procedure for finalising the prices of commodities through approval process from designated 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.

Commodity price sensitivity on consumption or sales during the year

Financial Year	Commodity	Change in commodity prices	Effect on profit before tax (₹ in Lakhs)	Effect on pre-tax equity (₹ in Lakhs)
For 31 March 2022	Coke	+5%	(224)	(224)
		-5%	224	224
	Iron Ore	+5%	(3,395)	(3,395)
		-5%	3,395	3,395
	Pig Iron	+5%	11,009	11,009
		-5%	(11,009)	(11,009)
	Coal	+5%	(5,881)	(5,881)
		-5%	5,881	5,881
For 31 March 2021	Coke	+5%	(424)	(424)
		-5%	424	424
	Iron Ore	+5%	(1,414)	(1,414)
		-5%	1,414	1,414
	Pig Iron	+5%	5,337	5,337
		-5%	(5,337)	(5,337)
	Coal	+5%	2,202	2,202
		-5%	(2,202)	(2,202)

NOTE 54: 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 2022

(Amounts in Indian Rupees lakhs, unless otherwise stated)

NOTE 53: FINANCIAL RISK MANAGEMENT (Contd..)

NOTE 55: STATEMENT OF NET ASSETS, PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS AND NON CONTROLLING INTEREST AS ON 31 MARCH 2022

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	34.32%	1,39,522	6.27%	1,981	22.97%	14,658	17.44%	16,639
Indian subsidiary - Avante Spaces Limited	0.84%	3,416	-1.08%	(341)	-0.05%	(16)	-0.37%	(357)
Indian subsidiary - Kirloskar Ferrous Industries Limited	22.12%	89,914	56.04%	17,720	76.79%	48,997	69.92%	66,717
Non controlling interest	42.72%	1,73,674	38.77%	12,258	0.26%	165	13.02%	12,423
Total	**100%**	**4,06,526**	**100%**	**31,618**	**100%**	**63,804**	**100%**	**95,422**

NOTE 56:

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: 26 May 2022

For and on behalf of the Board of Directors

Mahesh Chhabria
Managing Director
DIN 00166049

Aditi Chirmule
Executive Director
DIN 01138984

Ashwini Mali
Company Secretary
ACS 19944

Pune: 26 May 2022

Industries

Registered Office:
Office No. 801, 8th Floor, Cello Platina,
Fergusson College Road, Shivajinagar, Pune 411 005. (India)

Phone : +91 (0)20 – 2970 4374 **Telefax :** +91 (0)20 – 2970 4374

Email: investorrelations@kirloskar.com **Website:** www.kirloskarindustries.com

CIN: L70100PN1978PLC088972