

addresses are registered with the Company or the Registrar and Share Transfer Agent of the Company or their respective Depository participants.

The Annual Report for Financial Year 2024-25 including Notice of AGM are also available on the website of the Company at [www.kirloskaroilengines.com](http://www.kirloskaroilengines.com).

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

Thanking you.

Yours Faithfully,  
For Kirloskar Oil Engines Limited

Farah Irani  
Company Secretary and Compliance Officer

Encl.: As above.



*limitless*

**Kirloskar Oil Engines Limited**  
A Kirloskar Group Company



World's smallest 1000kva genset

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## About the report

We are pleased to present our Annual Report which includes voluntary information to the extent available to us, in accordance with the reporting framework developed and designed by International Integrated Reporting Council (IIRC). This report is primarily intended to address the information requirements of investors (our equity and prospective investors). Our endeavour is to present this information in a manner that is also relevant to all the key stakeholders. This report also aligns with the Companies Act, 2013, Indian Accounting Standards and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- 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 provides comprehensive information about the business activities of Kirloskar Oil Engines Limited (KOEL), suitably communicated through the six capitals as per the guidelines defined by the International Integrated Reporting Council (IIRC). The document encapsulates our business model, overarching performance and corresponding results. It's important to note that the financial capital parameters discussed in this report

pertain exclusively to 'Kirloskar Oil Engines Limited' on a standalone operation.

### Reporting period

The major reporting period for the Annual Report is 1<sup>st</sup> April, 2024 to 31<sup>st</sup> March, 2025. However, certain portions of the report provide facts and numbers from prior years in order to give readers a complete picture.

### Assurance for financial statements

To ensure the integrity of facts and information, the financial statements are audited by M/s. G. D. Apte & Co., Chartered Accountants. In addition, 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. Please send your feedback to:

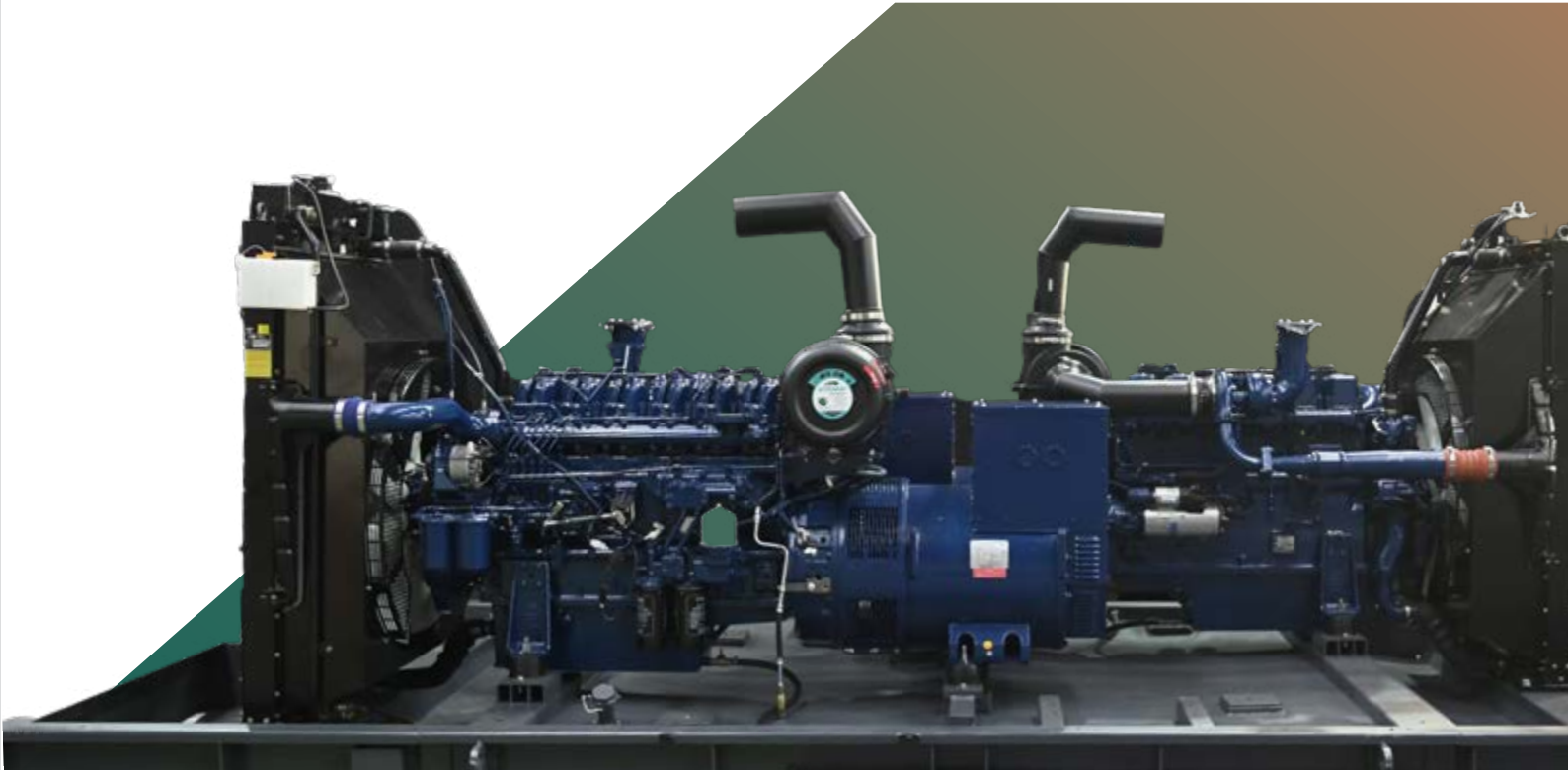
Email: [investors@kirloskar.com](mailto:investors@kirloskar.com)  
Website: <https://www.kirloskaroilengines.com/>

### Forward looking statements

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



For more information, please, visit our website:



# limitless

As society changes and progresses, we at Kirloskar keep up with the pace by constantly evolving. Our philosophy, which has been the foundation of our organisation for over 136 years, focuses on the progress of humanity.

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

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

see beyond challenges and envision the unlimited potential that the future holds.

Being limitless also means a firm commitment to the values we live by: Innovative Thinking, Empathy, Collaboration, Integrity, Excellence and Value Creation. By designing groundbreaking solutions, we create avenues for innovative services that address

problems, generate value for our customers and society and hope to exceed their expectations. We operate with empathy and a strong commitment to moving forward together with our customers and partners because, together, we are limitless.





# Making Tomorrow's Energy

As Kirloskar Oil Engines Limited (KOEL) continues its transformative journey from a power generation Company to a comprehensive energy solutions provider, we stand at a defining moment—where technological innovation meets national aspiration.

Guided by our bold Vision 2030 to become a \$2 billion enterprise, KOEL is focused on four future-forward technology tracks, building a diversified portfolio of fuel-agnostic internal combustion engines, all backed by robust in-house R&D. Whether it is prime power, backup energy or customised energy systems, our offerings are engineered to address the evolving energy needs of industries and communities—sustainably, reliably and intelligently.

At the heart of this transformation lies a deeper commitment to

Indian ingenuity and engineering excellence. Every innovation and breakthrough at KOEL is conceived, designed and built in-house. From R&D labs to factory floors, our technologies reflect engineering precision and a unique Indian perspective on resilience, adaptability and self-reliance.

As a responsible corporate enterprise, KOEL stands for growth that creates societal value. As we expand into green energy, embrace digital-first thinking and reimagine customer experience through design-led innovation, our purpose remains clear.

This year's annual report celebrates KOEL's strategic evolution and reaffirms its collective identity as part of the Kirloskar Limitless ecosystem—a brand defined by bold ambitions, deep-rooted values and a relentless pursuit of excellence.

Together, we are not just shaping the future of energy—we are engineering a future that is limitless.

## Corporate Information

### Board of Directors

**Mr. Atul Kirloskar**

Non-Executive Non-Independent  
Director & Chairman

**Ms. Gauri Kirloskar**

Managing Director

**Mr. Rahul Kirloskar**

**Mr. Mahesh R. Chhabria**  
up to 31<sup>st</sup> March, 2025

**Mr. Vinesh Kumar Jairath**

**Mr. Satish Jamdar**

**Dr. Kandathil Mathew Abraham**

**Dr. Shalini Sarin**

**Mr. Yogesh Kapur**

**Mrs. Purvi Sheth**

**Mr. Arvind Goel**

### Chief Financial Officer

**Mr. Sachin Kejriwal**

w.e.f. 9<sup>th</sup> May, 2024

### Company Secretary and Compliance Officer

**Ms. Smita Raichurkar**

up to 23<sup>rd</sup> August, 2024

**Ms. Farah Irani**

w.e.f. 12<sup>th</sup> November, 2024

### Statutory Auditors

**G. D. Apte & Co.**

Chartered Accountants

### Secretarial Auditor

**Mr. Mahesh J. Risbud**

Practicing Company Secretary

### Bankers

State Bank of India

Bank of Maharashtra

HDFC Bank Limited

ICICI Bank Limited

HSBC Limited

### Registrar and Share Transfer Agent

MUFG Intime India Private Limited  
(earlier known as Link Intime  
India Private Limited)

Block No. 202, 2nd Floor,

'Akshay' Complex, Near Ganesh Temple,

Off Dhole Patil Road, Pune- 411 001

Ph. No. 020 - 46014473

### Location of Factories

Pune, Kagal, Nashik, Rajkot and Bhare

### Registered Office

Laxmanrao Kirloskar Road, Khadki,  
Pune - 411003, Maharashtra

### Corporate Office

One Avante, Level 7 to 12, Karve Road,  
Kothrud, Pune-411038

## Decade at a Glance

₹ in crore (unless otherwise stated)

| Sr. No. | Particulars              | 2024-25 | 2023-24 | 2022-23 | 2021-22 | 2020-21 | 2019-20 | 2018-19 | 2017-18 | 2016-17 | 2015-16 |
|---------|--------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 1       | Gross Sales              | 5,073   | 4,806   | 4,073   | 3,268   | 2,664   | 2,841   | 3,117   | 2,860   | 2,818   | 2,587   |
| 2       | Net Sales                | 5,073   | 4,806   | 4,073   | 3,268   | 2,664   | 2,841   | 3,117   | 2,804   | 2,614   | 2,406   |
| 3       | Profit Before Tax        | 580     | 487     | 364     | 263     | 231     | 225     | 336     | 222     | 252     | 205     |
| 4       | Profit After Tax         | 432     | 362     | 270     | 208     | 170     | 170     | 225     | 150     | 174     | 165     |
| 5       | Dividend (%)             | 300     | 250     | 250     | 200     | 200     | 200     | 250     | 250     | 250     | 250     |
| 6       | Dividend Per Share (₹)   | 6       | 5       | 5       | 4       | 4       | 4       | 5       | 5       | 5       | 5       |
| 7       | Dividend Amount          | 87      | 72      | 72      | 58      | 58      | 58      | 72      | 72      | 72      | 72      |
| 8       | Earnings Per Share (₹)   | 30      | 25      | 19      | 14      | 12      | 12      | 16      | 10      | 12      | 11      |
| 9       | Book Value Per Share (₹) | 205     | 181     | 161     | 148     | 137     | 126     | 123     | 113     | 112     | 100     |
| 10      | Share Capital            | 29      | 29      | 29      | 29      | 29      | 29      | 29      | 29      | 29      | 29      |
| 11      | Reserves and Surplus     | 2,947   | 2,594   | 2,303   | 2,111   | 1,954   | 1,801   | 1,746   | 1,608   | 1,588   | 1,415   |
| 12      | Shareholders' Funds      | 2,976   | 2,623   | 2,332   | 2,139   | 1,983   | 1,830   | 1,775   | 1,637   | 1,617   | 1,444   |
| 13      | Loan Funds               | 129     | 209     | 75      | 97      | 78      | 15      | 13      | 17      | 12      | 7       |
| 14      | Total Capital Employed   | 3,105   | 2,832   | 2,407   | 2,236   | 2,061   | 1,845   | 1,788   | 1,654   | 1,629   | 1,451   |
| 15      | Net Block                | 811     | 491     | 425     | 450     | 446     | 362     | 399     | 422     | 440     | 477     |

Till 30<sup>th</sup> June, 2017, Excise duty was applicable and included in Gross sale.  
All numbers are rounded off.





## Padma Bhushan

Late Shri Shantanurao  
Laxmanrao Kirloskar

# About Kirloskar Group

## Engineering progress to empower generations

The Kirloskar Group has built a rich legacy of innovation and industrial progress over the past 136 years. In 1888, while many looked to the past, one visionary looked ahead. Starting with a humble bicycle shop and later creating India's first iron plough, he laid the foundation for the country's industrial development. Today, the Group is well recognised for its leadership in castings, internal combustion engines, diesel engines, backup power solutions, pneumatic systems and cooling solutions, serving a wide range of industries.

The Group operates across diverse sectors, including Hospitality, IT/ITES, agriculture, manufacturing, food and beverage, oil and gas, infrastructure and real estate. Its growth and resilience stem from the strong values that form the foundation of each of its enterprises.

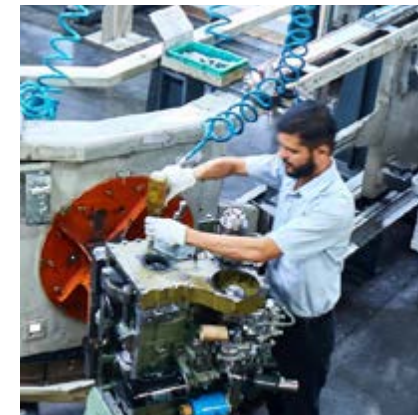
The Group's journey began when Shri Laxmanrao Kirloskar, our founder, established a small bicycle repair shop in

Belgaum, Karnataka. This modest beginning soon evolved into a machine tool workshop, where he developed iron ploughs and chaff cutters—early examples of engineering advances that would define the Group's path. His son, Shri Shantanurao Laxmanrao Kirloskar, carried this legacy forward with visionary leadership, transforming the Kirloskar Group into one of India's most respected industrial powerhouses. Under his guidance, the Group expanded into new

sectors and Global markets, reinforcing its stature on the world stage.

Today, Shri Laxmanrao Kirloskar is remembered both as a pioneer of Indian industry and a reformer with a vision to improve lives. His entrepreneurial spirit continues to create opportunities for thousands of individuals across India and benefits millions more through the Group's diverse global operations.

## Kirloskar Group Companies



### Kirloskar Oil Engines Limited (KOEL)

Internal Combustion Engines, Gensets, Farm mechanisation, Pumps and Electric Motors



### Kirloskar Pneumatic Company Limited (KPCL)

Compressors and Compression systems



### Kirloskar Ferrous Industries Limited (KFIL)

Pig Iron, Iron Castings, Steel, Seamless Pipes and Value-Added Products



### Kirloskar Industries Limited (KIL) and Avante Spaces Limited

Unregistered Core Investment Company, Real Estate



### Kirloskar Chillers Private Limited

Chillers



### ARKA Fincap Limited

Non-Banking Financial Company

## Our Exciting Story in Numbers

**136**

Years of Excellence

**₹ 9,044 crore**

Combined Shareholders Funds\*

**7,000+**

Total Group Employees\*\*

**₹ 34,657 crore**

Combined Market Capitalisation\*\*\*

**4**

Listed Companies

\* For listed companies including Kirloskar Ferrous Industries Ltd., Kirloskar Industries Ltd., Kirloskar Oil Engines Ltd., Kirloskar Pneumatic Company Ltd.

\*\*Employees on payroll.

\*\*\*Market cap based on closing market price of 30<sup>th</sup> May, 2025.





## About Kirloskar Oil Engines Limited

# Powering progress through engineered solutions

Kirloskar Oil Engines Limited (referred to as 'KOEL', 'the Company', 'we' or 'us') is part of the Kirloskar Group. We provide energy solutions and manufacture gensets, industrial engines, water management systems and equipment for farm mechanisation.

We are part of the Kirloskar Group, an institution with a legacy spanning over a century. Our portfolio includes a wide range of engines designed for gensets and industrial applications across sectors such as construction, railways, marine, defence and agriculture, among others. In addition, we offer pumps, farm mechanisation equipment, motors and allied products to meet diverse customer requirements.

Our products cover a broad spectrum, with engines ranging from 2.5 HP to 1650 HP and fuel-agnostic gensets with power outputs between 3 kVA to 12000 kVA.

Our engineering capabilities are supported by a dedicated research centre, enabling us to consistently introduce new products aligned to evolving customer needs. Advanced manufacturing facilities, a skilled workforce and an extensive distribution and service network empower us to serve customers across domestic and international markets.

### KOEL highlights

**78**

Years of legacy

**5**

Manufacturing facilities

**2,476**

Permanent Employees

**₹ 13,165 Crore**

Market capitalisation

Based on closing market price of 30<sup>th</sup> May, 2025.





# OUR VALUES

EXCELLENCE



INTEGRITY



COLLABORATION



EMPATHY



VALUE CREATION



INNOVATIVE THINKING



# VISION & MISSION

ARE THE VALUES THAT PROPEL OUR VISION WHERE

**WE POWER A CARING, PROSPEROUS  
AND SUSTAINABLE FUTURE.**

THIS VISION PROPELS US ON A MISSION WHERE

**WE ENGINEER SOLUTIONS TO  
ENABLE OUR CUSTOMERS TO LIVE  
THEIR LIMITLESS POTENTIAL.**



## Growth journey

# Evolution in motion

### 1946

Engines' Company established for manufacturing diesel engines

### 1979

Established collaboration with SEMT Pielstick, France for manufacturing

### 1992

Received ISO 9001 certification for manufacturing operations

### 1998

Received QS 9000 certification

### 1999

Received ISO 14001 certificate for environment-friendly manufacturing facilities

### 2004

Received TS16949 accreditation

### 2010

Inauguration of Kirloskar Oil Engines, Kagal Plant

### 2011

Launched first Corporate Sustainability Report

### 2012

Entered residential genset business with the launch of Chota Chilli

### 2013

KOEL enters Limca Book of Records for 7 consecutive times for 1m³ engine wage agreement since 1995 before its expiry

### 2014

- ✓ KOEL Green brand identity introduced for KOEL gensets
- ✓ WINengine, KOEL's first CPCB II compliant Genset launched
- ✓ Launch of Mega T multipurpose farm equipment

### 2015

- ✓ Signed MoU with MTU Friedrichshafen for engine supply to NPICL
- ✓ Launch of Kirloskar KMW-MEGA-T Power Tiller
- ✓ Consolidated alternator and battery sales under Kirloskar Generator Technologies (KGT)
- ✓ Elkin Bank Award for Business Excellence
- ✓ ABS International IMS Certification for three years in a row

### 2016

- ✓ Forayed into Genset electrical space with launch of control panels and switchgear range
- ✓ Launch of HX/HXDPHP engines 750, 910
- ✓ Launch of 100kVA KOEL gensets
- ✓ Incorporation of KOEL Americas in United States
- ✓ KMW Mega T wins Japan Good Design Award and India Design Mark Award

### 2018

- ✓ Launch of technologically IoT based gensets advanced KOEL iGreen gensets
- ✓ KMW receives Clarivate Analytics Innovation Award
- ✓ Unveiling of 3,000 RPM FM/UL range of firefighting engine

### 2019

- ✓ Mega T Power Tiller wins Golden Peacock Innovative Product/Service Award for second consecutive year
- ✓ KOEL wins CII-EXIM Bank Award for Business Excellence.
- ✓ KOEL becomes the first Indian Diesel Engines / Genset company to receive this recognition

### 2020

Wins second consecutive Golden Peacock Award for Energy Efficiency from Institute of Directors (IOD)

### 2021

- ✓ Brand refresh to Limitless
- ✓ Launch of Kirloskar Firefighting Pump set
- ✓ Bharat Stage (BS) IV Transition
- ✓ Environment Protection Agency (EPA) Tier IV Final

### 2022

- ✓ Acquisition of Optiqua Pipes and Electricals (P) Ltd
- ✓ Optiqua formed a JV with ESVA Pumps India (P) Ltd

### 2023

- ✓ Business transformation and a Strategic Roadmap - 2X3Y
- ✓ CPCB IV+ transition
- ✓ Completion of LGM Acquisition
- ✓ Introduction of alternate fuel engines and Gensets (Natural Gas, Ethanol and Methanol)
- ✓ Nashik Plant won the 'First Prize for National Energy Conservation Award 2022', organised by the Bureau of Energy Efficiency under the Ministry of Power, Government of India, presented by the Honourable President of India, Smt. Droupadi Murmu
- ✓ Acquisition of 100% stake in La Gajjar Machineries Private Limited

### 2024

- ✓ Launch of OptiPrime across 1000 kVA, 1500 kVA and 2020 kVA
- ✓ Appointment of MYSPAN POWER SOLUTIONS FZE as the first international GOEM for the Middle East and North Africa Region
- ✓ A prestigious order from Nuclear Power Corporation of India Limited (NPCIL) worth ₹ 768 Cr for the supply of 10 numbers of 6.3 MW Emergency Diesel Gensets
- ✓ Amalgamation of Optiqua Pipes and Electricals Private Limited with La-Gajjar Machineries Private Limited
- ✓ Acquisition of Engines LPG LLC dba Wildcat Powergen through a wholly owned subsidiary Kirloskar Americas Corporation which is a step towards business expansion and to enable market development in Powergen applications for the North American markets.
- ✓ Incorporation of a wholly owned subsidiary in UAE viz. Kirloskar International ME FZE on 7th January, 2025
- ✓ La-Gajjar Machineries Private Limited (LGM), a Wholly Owned Subsidiary of the Company had shifted its existing manufacturing facilities from Ahmedabad to new location situated at Sanand and has fully commenced its manufacturing operations at the aforesaid new location.
- ✓ Prestigious order received from Ministry of Defence, Government of India, represented by the Indian Navy for the Design and Development of Medium Speed Marine Diesel Engine of 6MW Capacity under the Make-I scheme on 2nd April, 2025.
- ✓ Termination of ESVA JV.

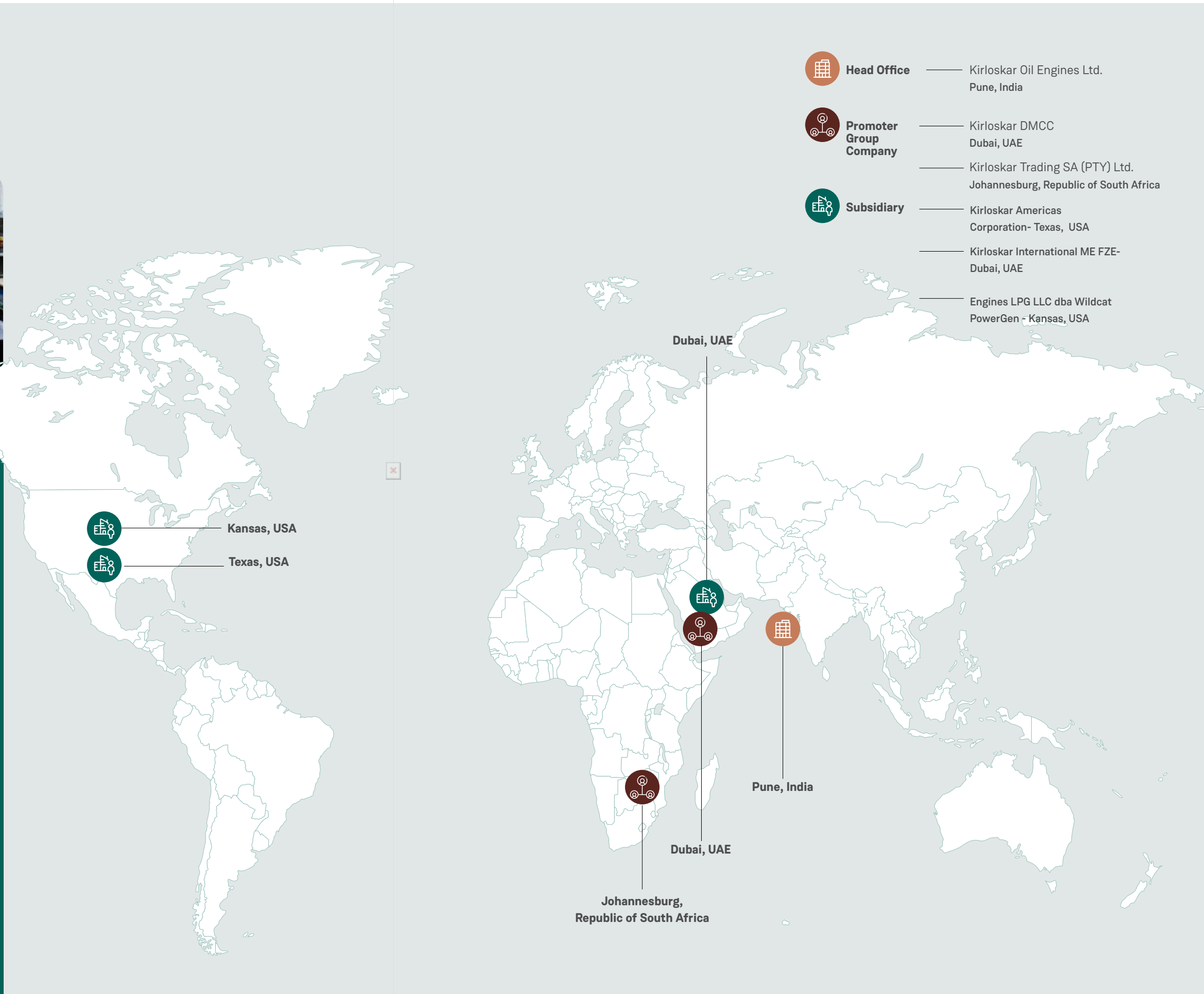




## Geographic presence

## Connecting markets globally

Today, the KOEL has evolved into an international manufacturing conglomerate with offices and deliveries spanning multiple continents. Our broad product portfolio includes energy-efficient compressors and a wide range of heavy-duty pumps. Over the years, we have built a global reputation for reliability, expertise and continuous innovation.



## Our business offerings

# Innovating across our portfolio

Our portfolio spans power generation, industrial engines, firefighting systems, farm mechanisation, water solutions and electric motors. Each segment features configurable products designed to address specific industry needs. Across all categories, our offerings uphold reliability, deliver quality performance and ensure long-term use.

### B2B segment

#### Power Gen

A complete range of diesel and gas-powered gensets built for efficiency, compliance and long-term operation.

#### Sectors served



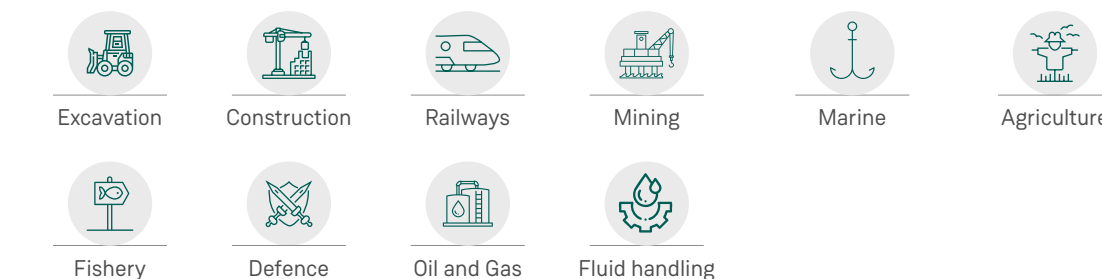
#### Product Range

1. Gensets
2. Backup solutions
3. Generator electrical
4. Retrofit emission control device
5. Dual fuel kit

#### Industrial

Versatile engine solutions built to power critical industrial applications, with proven performance across sectors and emission-compliant engine and product platforms.

#### Sectors served



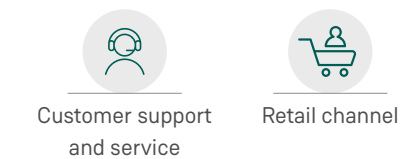
#### Product Range

1. Industrial engines ranging 10HP to 1100HP

#### Distribution and Aftermarket

Ensuring uptime through a strong distribution footprint and reliable aftermarket solutions.

#### Sectors served



#### Service provided

1. Annual Maintenance Contracts
2. Spares
3. Allied products
4. After Sales Support

#### International Business

- Engines and Gensets
- Industrial Engines
- Power solutions
- After sales support
- Retail channel – Tractor spares, Oil, Batteries

### B2C segment

#### Water management solutions

From diesel to electric pumps, our water solutions are built to serve diverse needs with lasting performance and on-ground service support.

#### Sectors served



#### Product Range

1. Diesel Engines
2. Electric Pumps
3. Engine based pumps
4. Alternators
5. Allied products

#### Farm mechanisation

Compact and powerful farm machines built for small and marginal farmers, designed to suit diverse terrains and crop patterns.

#### Sectors served



#### Product Range

1. Power Tillers
2. Power Weeder
3. Rotary Tiller
4. Hand Held tools
5. Allied products

#### International Business

- Engine based pump sets
- Electric pumps (KOEL)
- Electric pumps (LGM)
- Farm equipment



## Governance

We are committed to maintaining high standards of integrity and transparency across all aspects of our operations. This approach reinforces accountability and supports long-term value creation for all our stakeholders including employees, contractors, shareholders, vendors, customers and the community. By consistently adopting sound governance practices, we strengthen trust, foster lasting relationships and remain prepared to meet our strategic objectives with clarity and purpose.

Our Board remains focused on strengthening our corporate governance framework through continuous improvement. We stay aligned with evolving regulations and emerging best practices by engaging with regulators, industry forums and stakeholder feedback. Our governance approach is supported by clear policies and well-defined processes that promote transparency and accountability. Guided by an experienced management team and a forward-looking Board, we embed integrity and operational discipline across the organisation. Every decision reflects the values and principles that form the foundation of the Kirloskar Group.

### Components of Governance Framework

#### GRC Components

##### 01

##### Internal Audit

###### Policies / Practices for monitoring

Annual Internal Audit Plan



##### 02

##### Internal Control Framework

###### Policies / Practices for monitoring

Delegation of Authority Matrix



Testing of Internal Financial Controls



Control Self Assurance



Capital Allocation Framework



##### 03

##### Governance and Ethics

###### Policies / Practices for monitoring

Whistle Blower / Vigil Mechanism



Code of Conduct for Directors  
/ employees / suppliers  
/ senior management



##### 04

##### Compliance

###### Policies / Practices for monitoring

POSH Policy



Related Party Transactions practices



Prevention of Insider Trading



Dividend distribution policy



##### 05

##### Enterprise Risk Management

###### Policies / Practices for monitoring

Risk Management Policy and practices



Digital / Cyber Security Policy



Business Continuity plan



##### 06

##### Environmental, Occupational Health and Safety

###### Policies / Practices for monitoring

EHS policy including  
annual safety plan and  
sustainability reporting



Corporate Social  
Responsibility Policy



#### Authority

 Audit Committee / Board of Directors  
as the case may be

 Board of Directors / Director  
authorised by the Board

 Managing Director / CEO / Business Unit  
Head as the case may be

 Board of Directors

Governance Policy

At KOEL, the Governance Policy is structured to strengthen organisational effectiveness by integrating Governance, Risk and Compliance (GRC) processes. It provides a unified framework to support the achievement of strategic objectives while enabling regular and objective monitoring of governance initiatives.

Key policy highlights

- It also serves as the governance framework in terms of the Kotak Committee recommendations on SEBI LODR, 2015, including amendments thereunder.
- This Policy shall apply to all material subsidiaries (except such Company/ Companies) formed and engaged in the financial services business of Kirloskar Oil Engines Limited
- This may extend to step-down subsidiaries, joint ventures or associates, subject to Board approval.

Our policies

As part of our commitment to the principles of corporate governance, we have formulated various policies that serve as a framework for decision making across the organisation.

|                      |                             |                              |                                        |                                    |                                 |                                                            |                                                              |
|----------------------|-----------------------------|------------------------------|----------------------------------------|------------------------------------|---------------------------------|------------------------------------------------------------|--------------------------------------------------------------|
| 01                   | 02                          | 03                           | 04                                     | 05                                 | 06                              | 07                                                         | 08                                                           |
|                      |                             |                              |                                        |                                    |                                 |                                                            |                                                              |
| Whistleblower Policy | Familiarisation Programmeme | Dividend Distribution Policy | Corporate Social Responsibility Policy | Nomination and Remuneration Policy | Policy on Material Subsidiaries | Policy for Determination of material events or information | Code of Practices and Procedures for Fair Disclosure of UPSI |

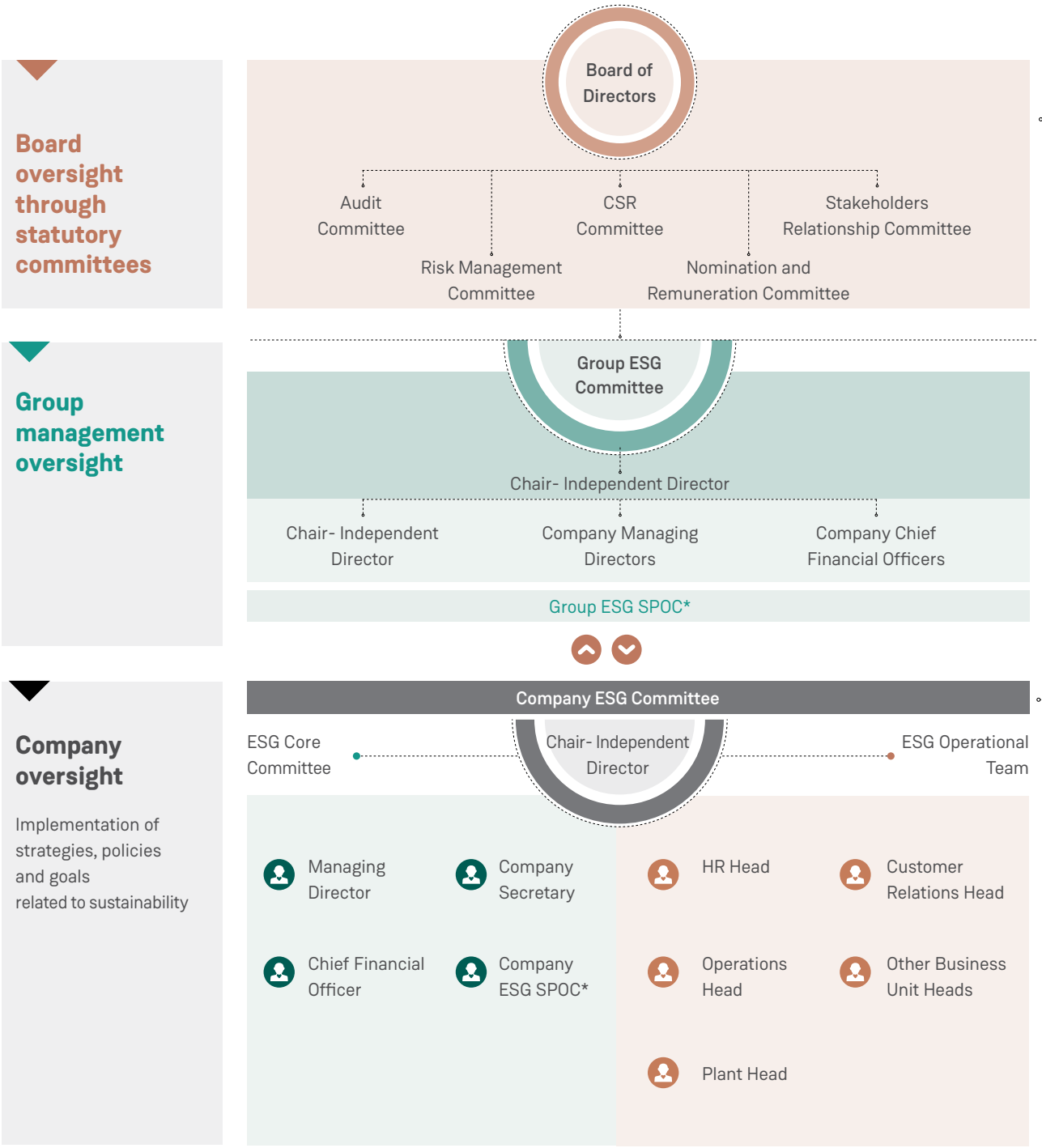
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|------------------------|-----------------|-------------------------------------------------------------------------------------------------|------------|----------------------------|-------------------------------|----------------------------|---------------------|
| 09                     | 10              | 11                                                                                              | 12         | 13                         | 14                            | 15                         | 16                  |
|                        |                 |                                                                                                 |            |                            |                               |                            |                     |
| Board Diversity Policy | Archival Policy | Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions | ESG Policy | Grievance Redressal Policy | Stakeholder Engagement Policy | Business Continuity Policy | Human Rights Policy |

Governance structure

The principles and standards of our ESG governance structure guides our environmental, social and governance practices (ESG). We prioritise ESG factors to enhance investor confidence, meet customer expectations and attract top-tier talent. This framework strengthens risk management and reputation, adds shareholder value and fosters talent retention.

Governance structure

Sustainable governance structure



\*SPOC - Single Point Of Contact



## Board of Directors\*

### At the core of corporate stewardship



**Mr. Atul Kirloskar**

Chairman and Non-Executive Director



**Ms. Gauri Kirloskar**

Managing Director



**Mr. Vinesh Kumar Jairath**

Non-Independent Director



**Mr. Rahul C. Kirloskar**

Non-Independent Director



**Dr. Kandathil Mathew Abraham**

Independent Director



**Dr. Shalini Sarin**

Independent Director



**Mr. Satish Jamdar**

Independent Director



**Mr. Yogesh Kapur**

Independent Director



**Mr. Arvind Goel**

Independent Director

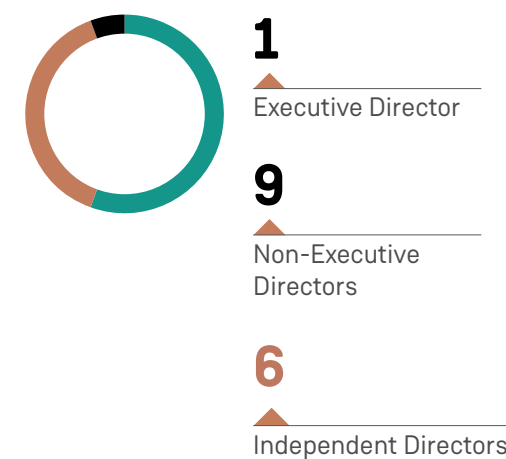


**Mrs. Purvi Sheth**

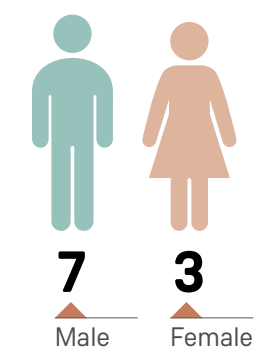
Independent Director

#### Composition and diversity of the Board

##### Directors chart



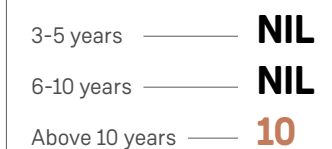
##### Gender diversity



##### Age



##### Overall Experience



\* As on 14th May, 2025

Board Committees\*

The Board comprises of several Board and Non-Board Committees to deal with specific matters and has delegated powers for different functional areas, as required under the Act, the SEBI Listing Regulations and various other relevant regulatory frameworks, guidelines, notifications, directions and circulars issued from time to time. These Committees monitor the activities falling within their specific terms of reference and support the Board in discharging its functions.

Audit Committee

|                                                                                                                     |                                          |                                                       |                                                                                                                         |
|---------------------------------------------------------------------------------------------------------------------|------------------------------------------|-------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|
| <b>Chairperson</b><br>▶ K. M. Abraham                                                                               | <b>67%</b><br>▲<br>Independent Directors | <b>91.67%</b><br>▲<br>Average attendance of Directors | <b>Principal issues addressed during the year</b><br>▼<br>Financial Results, Related Party Transactions, Internal Audit |
| <b>Members</b><br>▶ Mahesh Chhabria<br>▶ Vinesh Kumar Jairath<br>▶ Arvind Goel<br>▶ Satish Jamdar<br>▶ Yogesh Kapur | <b>4</b><br>▲<br>Meetings in FY 2025     |                                                       |                                                                                                                         |

Nomination and Remuneration Committee

|                                                      |                                          |                                                       |                                                                                                                                                                                    |
|------------------------------------------------------|------------------------------------------|-------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Chairperson</b><br>▶ Satish Jamdar                | <b>67%</b><br>▲<br>Independent Directors | <b>93.33%</b><br>▲<br>Average attendance of Directors | <b>Principal issues addressed during the year</b><br>▼<br>Appointment/Re-appointment of Director, and KMP, Grant of ESOPs, Review of Succession Plan at Board or Senior Management |
| <b>Members</b><br>▶ Purvi Sheth<br>▶ Mahesh Chhabria | <b>5</b><br>▲<br>Meetings in FY 2025     |                                                       |                                                                                                                                                                                    |

Stakeholders Relationship Committee

|                                                      |                                          |                                                     |                                                                                                                                                                                                                |
|------------------------------------------------------|------------------------------------------|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Chairperson</b><br>▶ Yogesh Kapur                 | <b>67%</b><br>▲<br>Independent Directors | <b>100%</b><br>▲<br>Average attendance of Directors | <b>Principal issues addressed during the year</b><br>▼<br>Allotment of equity shares under ESOP Scheme, Review of investors grievance report and process followed by RTA in providing services to shareholders |
| <b>Members</b><br>▶ Purvi Sheth<br>▶ Gauri Kirloskar | <b>7</b><br>▲<br>Meetings in FY 2025     |                                                     |                                                                                                                                                                                                                |

Risk Management Committee

|                                                      |                                           |                                                       |                                                                                                                          |
|------------------------------------------------------|-------------------------------------------|-------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| <b>Chairperson</b><br>▶ Satish Jamdar                | <b>100%</b><br>▲<br>Independent Directors | <b>83.33%</b><br>▲<br>Average attendance of Directors | <b>Principal issues addressed during the year</b><br>▼<br>Enterprise Risk Management including review of mitigation plan |
| <b>Members</b><br>▶ Shalini Sarin<br>▶ K. M. Abraham | <b>4</b><br>▲<br>Meetings in FY 2025      |                                                       |                                                                                                                          |

Corporate Social Responsibility Committee

|                                                        |                                          |                                                       |                                                                                                                      |
|--------------------------------------------------------|------------------------------------------|-------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
| <b>Chairperson</b><br>▶ Rahul C. Kirloskar             | <b>33%</b><br>▲<br>Independent Directors | <b>66.67%</b><br>▲<br>Average attendance of Directors | <b>Principal issues addressed during the year</b><br>▼<br>Consideration of Annual Plan for CSR activities and budget |
| <b>Members</b><br>▶ Shalini Sarin<br>▶ Gauri Kirloskar | <b>1</b><br>▲<br>Meeting in FY 2025      |                                                       |                                                                                                                      |

\*As on 31<sup>st</sup> March, 2025



**At the start of FY 2023, we set a bold aspiration—to double our growth in three years—2X3Y. It was a deliberate step to drive a culture of ownership and focus across the organisation.**

To achieve this vision, we mapped out a clear, actionable roadmap, anchored in well-defined growth pillars. We introduced the Goal Tree framework, which outlined strategic initiatives designed to guide our progress. Each pillar was accompanied by focused programmes, identified as critical enablers of success. These were tangible levers that we, as a team, committed to track rigorously and advance consistently.

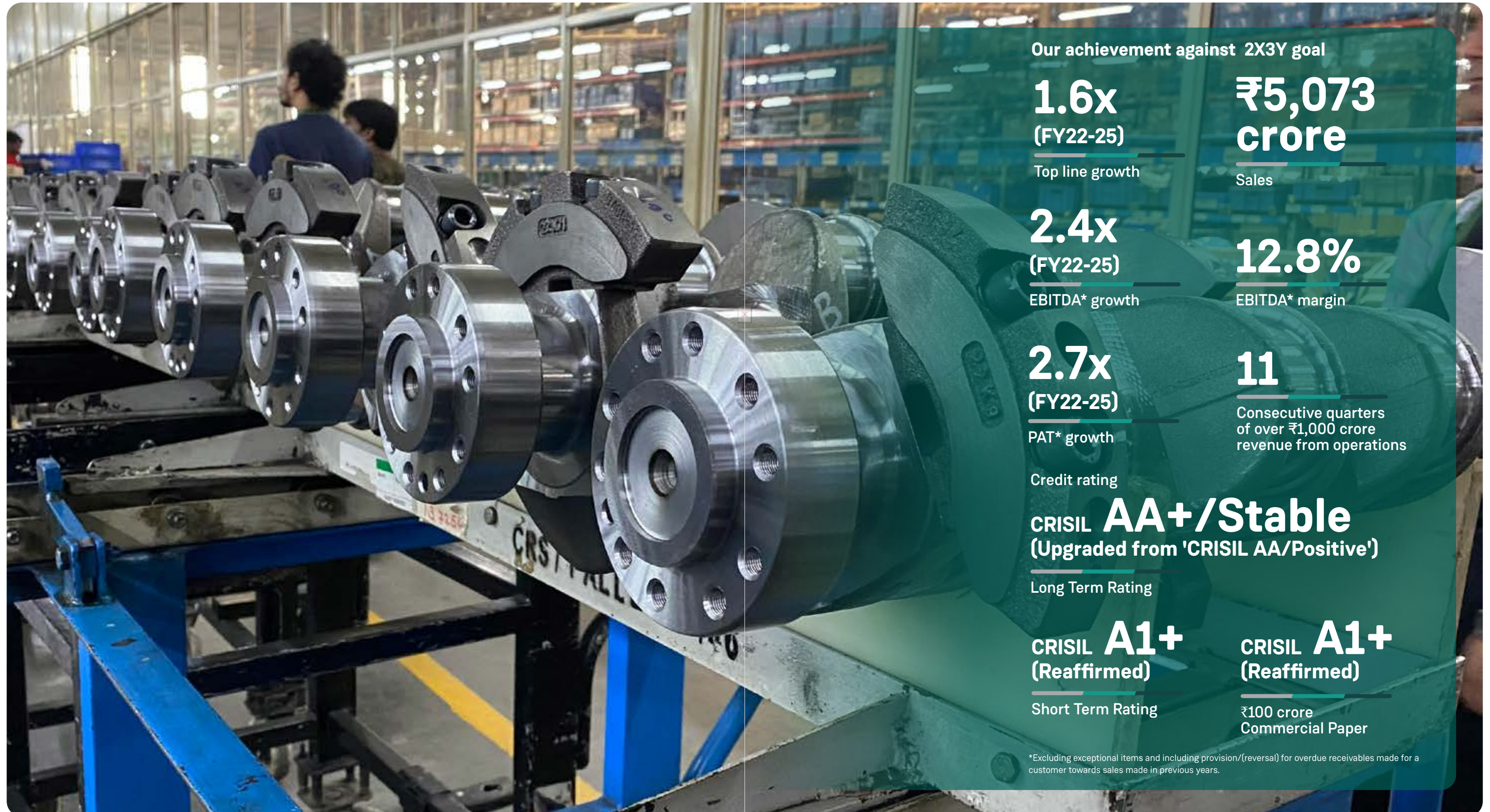
We understood early that success would not come from any one initiative alone, but from deliberate, steady progress across all of them. KOEL is set on a transformative journey—focused, accountable and deeply committed.





## Our performance

### Delivering measurable progress





## Chairman's message



**Our product strategy continued to push boundaries this year, with one of our notable highlight being - Optiprime series of Gensets. This series exemplifies innovation in power solutions, offering a unique and space efficient design that integrates multiple engines under a single canopy.**



### Dear Shareholders,

It is my privilege to address you at the close of a pivotal year in the journey of Kirloskar Oil Engines Limited (KOEL). FY2024-25 has been a period of regulatory evolution, operational transformation and purposeful innovation. In the face of complex emission norm transitions and shifting demand patterns, KOEL has not only delivered strong financial performance but also made substantial progress in aligning with our strategic direction.

One of the key highlights of the year was the Company's seamless navigation through two major emission norm transitions — CPCB IV+ for power generation and BS V for industrial engines. These regulatory changes required technical readiness and disciplined execution. Our teams responded with remarkable agility, ensuring market continuity while strengthening customer trust. Despite the inherent volume volatility during these transitions, the Company's manufacturing function maintained responsiveness and stability.

This operational resilience translated into robust financial performance. KOEL achieved its highest ever total sales of ₹5,073 crore, with a PBT of ₹580 crore and a net profit of ₹432 crore. These numbers reflect efficient topline momentum, cost optimisation, product differentiation and operational efficiency.

Our product strategy continued to push boundaries this year, with one of our notable highlight being Optiprime series of Gensets. This series exemplifies innovation in power solutions, offering a unique and space-efficient design that integrates multiple engines under a single canopy. This modular configuration—ranging from dual to quad-core setups—delivers high power density while significantly reducing the installation footprint. Designed for flexibility and scalability, Optiprime allows customers to tailor power output to their specific requirements, enable ease of maintenance and operational continuity. With its optimised intelligent design, Optiprime is ideally suited for sectors where space is limited and uninterrupted performance is critical.

At the core of this transformation is our unwavering commitment to in-house innovation. KOEL remains one of the few companies in the sector that conducts all research and development activities internally — from conceptualisation and prototype to full-scale production. This model ensures speed and control and nurtures Indian engineering talent by giving them end-to-end ownership of complex, high-impact programmes.

In the B2C business, a major milestone was achieved with the inauguration of LGM's new plant in Sanand in September. This state-of-the-art facility consolidates

five existing manufacturing units into a single integrated location, enhancing operational efficiency and production capabilities. Looking ahead, our strategy is aligned with the 'To be \$2 billion vision' — to move beyond the engine and beyond India — by offering integrated solutions across domestic and international markets. We believe our next step encompasses us being the trusted partner to our customers across a broadening spectrum of power requirements, supported by smart technology, service and sustainable practices.

Sustainability remains a cornerstone of our values. This year, our Kagal plant earned three prestigious accolades in recognition of its green and energy-efficient practices. The plant earned the Gold Category award for the second consecutive year in the Net Zero Torch Bearer competition, conducted by the International Research Institute for Manufacturing. It also received the 'Excellent Energy Efficient Unit' award for the third consecutive year and the 'National Leader' award for its consistent efforts in energy management and conservation. Additionally, the plant was honored with the "Noteworthy" award from CII for its commendable initiatives in water conservation and management.

Across all our locations, we are investing in cleaner processes, energy efficiency and responsible resource usage — reaffirming our commitment to building a future-ready business.

In recognition of the Company's performance and in line with our commitment to shareholder value, the Board of Directors proposed a total dividend of 325% for the fiscal year. This

includes a final dividend of 200%, which is ₹ 4.00 per share subject to shareholders' approval, in addition to the interim dividend of 125% i.e. ₹ 2.50 per share.

On behalf of the Board, I extend my sincere appreciation to our shareholders, customers, business partners and employees. Your trust and support have been instrumental in driving KOEL forward. With a renewed purpose, a diversified product portfolio and a deep-rooted culture of engineering excellence, we look ahead with optimism and confidence.

Thank you for being part of this journey.

Warm regards,

**Atul Kirloskar**  
Chairman

Kirloskar Oil Engines Limited

## MD's message



With this strong foundation behind us, we are now setting our sights even higher. We call this next phase of our journey the “2B2B Strategy” — our aspiration to grow into a \$2 billion company by FY2030.



### Dear Shareholders,

It is with great pleasure that I present to you the Annual Report of Kirloskar Oil Engines Limited for the year ended 31<sup>st</sup> March, 2025. This has been a year of culmination, consolidation and new beginnings — a year where we successfully concluded a bold and ambitious phase in our journey and laid the foundation for the next.

Three years ago, in FY2023, we publicly set an audacious goal: to double our performance in three years — marking the beginning of the 2X3Y journey. At that time, this was a first-of-its-kind move for us. We saw it necessary to not only set a clear, measurable goal for internal alignment but also to hold ourselves accountable to all our stakeholders.

Looking back on this journey now, it is incredibly rewarding to see the substantial progress we have made. Against a challenging and evolving business landscape — marked by regulatory changes in emission norms, global supply chain disruptions and market volatility.

a revenue growth of 1.6 times and even more notably, an EBITDA growth of 2.4 times and a cash generation increase of 2.6 times.

One of our most significant achievements has been the transformation of our product portfolio. Historically, KOEL was a leader in the low and medium horsepower genset market. Over the past three years, however, we have built a formidable presence in the high horsepower space — an area previously underrepresented in our portfolio. Today, we offer products ranging from 3 kVA to 12000 kVA, with clear differentiation in terms of footprint, fuel efficiency and total cost of ownership.

Our latest 1000 kVA genset — developed entirely in-house — is the lightest in its class globally and sets a new benchmark in weight-to-performance ratio, further reinforcing our positioning as a technology-first company. This breakthrough innovation also enhances transport efficiency and ease of installation, particularly in space-constrained urban and infrastructure environments.

We also made significant strides in our strategic expansion into the data center segment and in building high-performance, mission-critical engines. A defining moment this year was our selection by the Indian Navy under the Make-I category for the design and development of a 6 MW Medium-Speed Marine Diesel Engine. Signed on 2<sup>nd</sup> April, 2025, this project sanction order was, valued at ₹270 crore. This will result in the creation of fully indigenous engines for the Indian Navy and Coast Guard, supporting main propulsion and onboard power generation. The project is a symbol

of India's drive towards self-reliance in defence and a testament to KOEL's engineering and R&D capabilities. This also renews our focus on manufacturing large engines at our Nashik plant.

With a strong foundation in place, we are now setting our sights even higher. We call this next phase of our journey the '2B2B Strategy' — our aspiration to grow into a \$2 billion company by FY2030. If 2X3Y was ambitious, this new target is bigger, better and bolder. Not only is the target significantly higher, but we have already achieved considerable scale and much of the initial change and transformation is behind us.. We are poised to unlock new milestones with sharper focus, disciplined execution and deep understanding of future growth opportunities.

We are clear about our strategic priorities and the key segments that will drive our growth. On the B2B side, a critical pillar of this ambition is our investment in four key technology tracks, including Internal Combustion Engines, Energy storage solutions, Electrification and Fuel cells and Electrolysers.

These tracks are being developed with a long-term view to future-proof our portfolio and meet evolving customer needs and environmental norms. With these technologies, we aim to not just participate in the future of power and energy systems but to lead it.

While all of our businesses have grown more than 1.5 times during this period, the only exception was our Farm Mechanisation business, which saw a decline. However, I am pleased to report that the strategic changes we

implemented to stabilise and restructure the business are yielding positive results.

As we look to the future, I feel a deep sense of gratitude and pride. Gratitude towards our customers, partners and shareholders who placed their trust in us and pride in our people — an exceptional team whose passion, dedication and resilience made this transformation possible.

The foundation we have built is robust and we are poised to scale new heights. With the right opportunities in place, a clear technology roadmap and the enduring values of the Kirloskar legacy, we are confident of delivering on our aspiration to become a \$2 billion organisation by 2030 — creating long-term, sustainable value for all our stakeholders.

Warm regards,

**Gauri Kirloskar**

**Managing Director**  
Kirloskar Oil Engines Limited



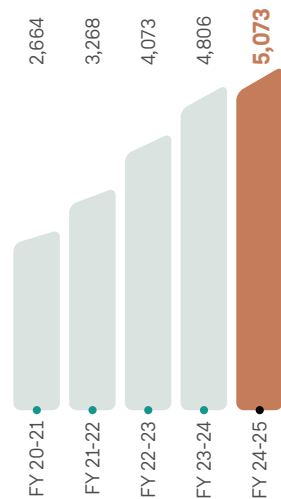
## Financial performance analysis

# Growth engineered in Kirloskar

Our financial performance underscores the result of more focused execution across our core businesses and improved cost management. Stronger demand in key B2B segments, a stable pricing environment and operating leverage from higher capacity utilisation, played a pivotal role in maintaining overall margin stability. Further, strategic investments in channel reach, product renewal and service capability also supported topline resilience. Throughout our operations, we maintained a balanced approach between growth and capital efficiency.

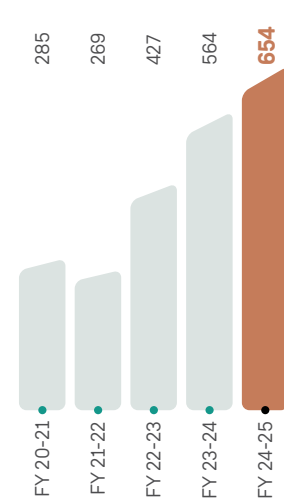
### Sales

(₹ in crore)



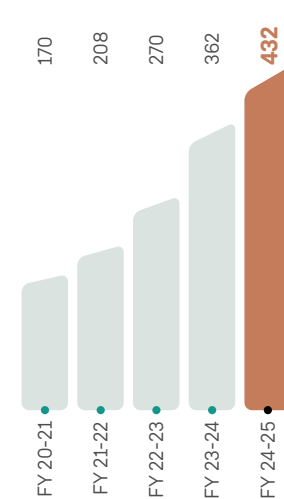
### EBITDA\*

(₹ in crore)



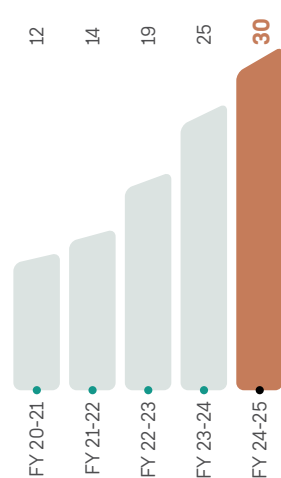
### Net Profit

(₹ in crore)



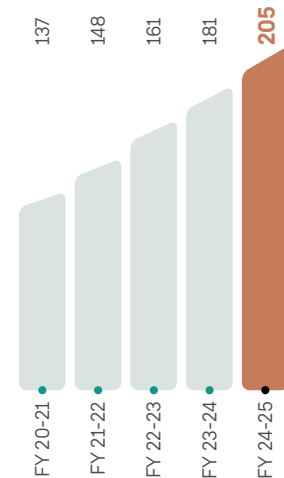
### Earnings per share

(₹)



### Book value per share

(₹)

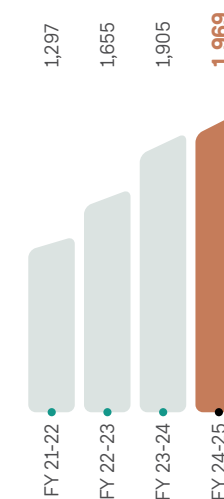


## Segment wise revenue highlights

### B2B

#### Power Gen Sales

(₹ in crore)



#### Industrial Sales

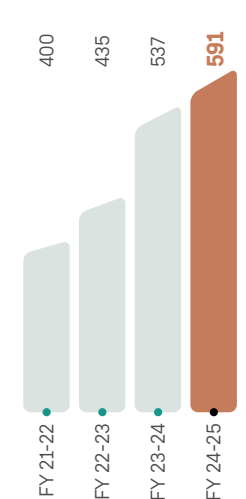
(₹ in crore)



### B2C

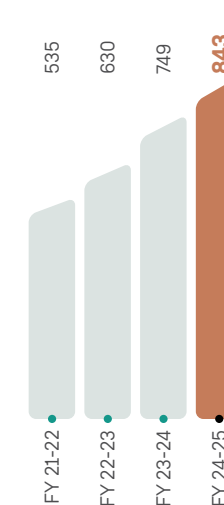
#### WMS Sales (including international business)

(₹ in crore)



#### Distribution and After Market Sales

(₹ in crore)



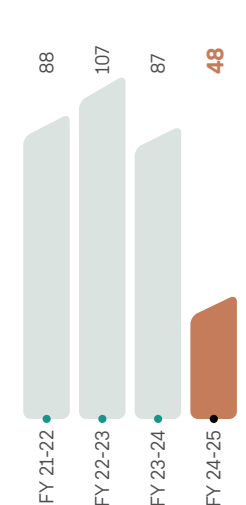
#### International Sales

(₹ in crore)



#### FMS sales

(₹ in crore)



Previous year's numbers have been regrouped to make them comparable with FY 2024-25

\*Excluding exceptional item and including provision/(reversal) for overdue receivables made for a customer towards sales made in previous years if applicable.

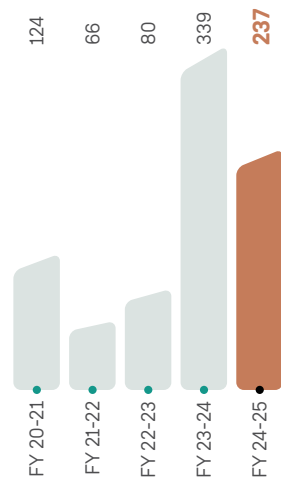
\* The business segment reclassification into B2B and B2C was carried out in FY 2022-23, with figures from previous years restated accordingly.

## Operational performance analysis

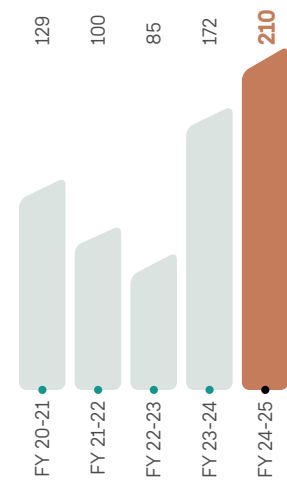
### Engineered for efficiency

This year, our operational focus was directed towards streamlining production, deepening export capabilities and strengthening supply chain visibility. Investments in plant modernisation and R&D were aligned with regulatory transitions and product development pipeline. We also made significant strides in improving working capital efficiency, supported by tighter inventory controls and improved demand forecasting. Export revenues gained traction in priority markets, while genset sales volumes remained resilient across categories. These outcomes reflect steady progress in execution across our operations.

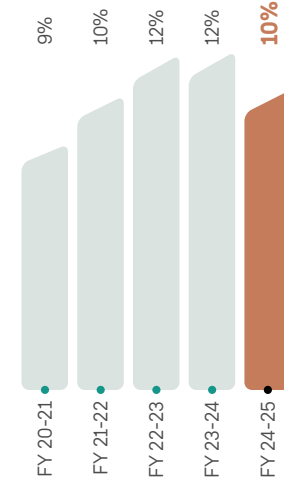
**Capital expenditure**  
(₹ in crore)



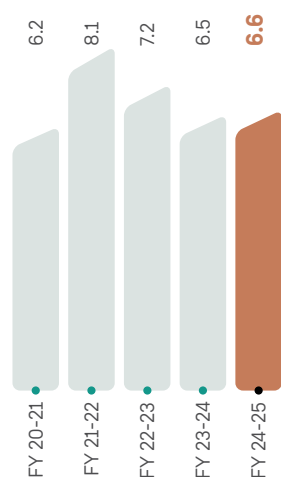
**R&D expenditure**  
(₹ in crore)



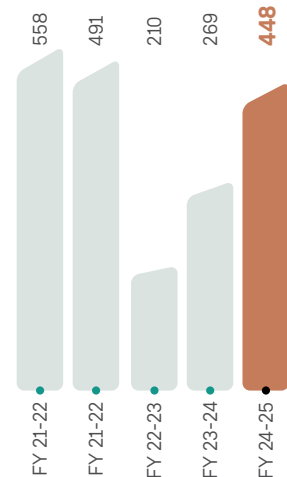
**Export sales**  
(% of total sales)



**Inventory turnover ratio**  
(times)



**Net cash\* position**  
(₹ in crore)\*



\*Net of debt; includes treasury investments and excludes unclaimed dividends

## ESG highlights

### Towards a better tomorrow

Our priorities centred on advancing operational sustainability, strengthening internal capabilities and expanding our social impact. We accelerated the adoption of clean technologies across sites and continued to optimise water and energy consumption per unit of production.

We expanded our training programmes across technical and functional domains, with a continued emphasis on safety performance. Through our community initiatives, we extended our support to targeted beneficiary groups, aligning our efforts with local development priorities.

**Carbon emissions**  
**Scope 1 and 2** (Tonnes/crore ₹)



**Water intensity**  
(KL/crore ₹)



**Lost Time Injury Frequency Rate**  
(per million employees)



**Community impact reach**  
(No of beneficiaries)



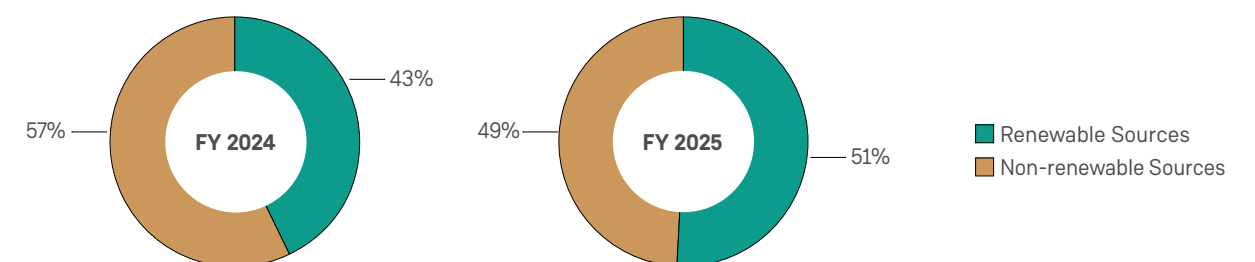
**Energy intensity**  
(Total energy consumption/ crore ₹)



**Waste intensity**  
(Total waste generated / crore ₹)



**Renewable energy share in total electricity consumption**





Wins and Developments in FY 2025

Quarter 1

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |               |               |               |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|
| ₹ 1,342.9 crore                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | ₹ 199.2 crore | ₹ 181.0 crore | ₹ 134.7 crore |
| Revenue from operations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | EBITDA        | PBT           | PAT           |
| <div> <div> <p>Marked a strong continuation of the 2X3Y trajectory with emphasis on growth across core segments and a culture of execution discipline</p> </div> <div> <p>The Sanand plant consolidation was largely completed, with operational stabilisation showing encouraging signs in the electric pump business (LGM), driving efficiency across production and logistics</p> </div> <div> <p>Growth in rural and agri-linked businesses showcased a robust multi-channel presence, including sustained traction in agri-engine and pump categories</p> </div> </div> |               |               |               |
| Numbers including provision/(reversal) for overdue receivables made for a customer towards sales made in previous years.                                                                                                                                                                                                                                                                                                                                                                                                                                                     |               |               |               |



Quarter 2

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |               |              |               |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|--------------|---------------|
| ₹ 1,194.4 crore                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | ₹ 165.9 crore | ₹147.6 crore | ₹ 111.1 crore |
| Revenue from operations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | EBITDA        | PBT          | PAT           |
| <div> <div> <p>All businesses showed growth compared to the previous year, with the Industrial and Distribution and Aftermarket segments achieving double-digit growth</p> </div> <div> <p>LGM inaugurated its new plant on 12<sup>th</sup> September, 2024. Five existing manufacturing units were consolidated into a single, state-of-the-art facility at Sanand, which affected production</p> </div> <div> <p>International businesses, especially B2C exports, witnessed improved traction; however, Powergen products internationally faced a slowdown due to changing power scenarios in key markets such as South Africa</p> </div> </div> |               |              |               |
| Numbers including provision/(reversal) for overdue receivables made for a customer towards sales made in previous years.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |               |              |               |



Quarter 3

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |               |              |              |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|--------------|--------------|
| ₹ 1,163.6 crore                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | ₹ 117.9 crore | ₹ 88.7 crore | ₹ 65.0 crore |
| Revenue from operations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | EBITDA        | PBT          | PAT          |
| <div> <div> <p>Subdued quarter with a 3% y-o-y growth in B2B</p> </div> <div> <p>Power Generation segment undergone market correction in the LMHP segment due to pre buy and CPCB IV transition</p> </div> <div> <p>Industrial segment Continued to enjoy strong demand from construction and infrastructure sectors. Successful transition to CEV BS-V done, with satisfactory trials at customer end</p> </div> <div> <p>LGM plant stabilisation and production ramp up activities continued</p> </div> </div> |               |              |              |
| Numbers including provision/(reversal) for overdue receivables made for a customer towards sales made in previous years.                                                                                                                                                                                                                                                                                                                                                                                         |               |              |              |



Quarter 4

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |               |               |               |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|
| ₹ 1,412.5 crore                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | ₹ 170.8 crore | ₹ 162.8 crore | ₹ 121.1 crore |
| Revenue from operations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | EBITDA        | PBT           | PAT           |
| <div> <div> <p>KOEL concluded the 2X3Y phase with 1.6x topline growth, 2.4x EBITDA increase and 2.6x growth in cash from operations over FY22–FY 2025, reinforcing execution resilience</p> </div> <div> <p>Highest-ever sales in PowerGen and DABU with seamless BS V transition demonstrated our agility in regulatory compliance and demand fulfilment</p> </div> <div> <p>Seamless BS V transition for industrial engines</p> </div> <div> <p>Focused on strengthening channels and expanding global sales and service network</p> </div> <div> <p>B2C Consolidated revenue up by 42% (q-o-q) with significant profitability increase 269% (q-o-q) with Sanand plant stabilised</p> </div> </div> |               |               |               |
| Numbers including provision/(reversal) for overdue receivables made for a customer towards sales made in previous years.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |               |               |               |



## Business model

# Engineering value, the Kirloskar way

### Inputs

### Process

### Outputs

### Outcomes



#### Financial Capital

**29 crore** - Paid-up capital  
**656 crore** - Capex for last 3 years



#### Manufacturing capital

**5** - Manufacturing plants  
**₹1,186 crore** - Gross block\*



#### Intellectual capital

**₹ 209 crore** - R&D expense  
**347** - R&D employees



#### Human capital

**2,476** - Total permanent employees  
**20,108** - Training and development hours  
**58** - Training programmes conducted



#### Social and relationship capital

**300%** - Dividend payouts  
**₹ 7 crore** - CSR expenditure



#### Natural Capital

**55,038 GJ** - Total renewable electricity consumption  
**2,12,521** - Total volume of water withdrawal  
**4,381 MT** - Total waste recycled

#### Product Lines

Engines and Gensets

Industrial Engines

Power Solutions for Large / Institutional Project Clients (Marine, Defence etc)

After Sales Support

Retail Channel - Tractor spares, Oil, Batteries

#### Business Segments

##### B2B Business

Power Gen

Industrial

Distribution and After Market

##### B2C Business

Engine based Pump Sets

Electric Pumps (KOEL)

Electric Pumps (LGM)

Farm Equipment

Water Management Solutions

Farm Mechanisation

Financial Services

Arka Group

#### Industries served



#### Certifications

ISO 14001:2015

ISO 45001:2018

ISO 9001:2015

IMS Certification from ABS QE



#### Financial Capital

**₹ 5,073 crore** - Revenue  
**₹ 654 crore** - EBITDA\*\*



#### Manufacturing capital

**7,572** - Total Gensets sold  
**₹ 531 crore** - Export sales



#### Intellectual capital

**1** Patent applied



#### Human capital

**0** - per million employees LTIFR  
**0** - Fatalities  
**1.6 crore** - Investment in learning and development



#### Social and relationship capital

**1,64,813** - No. of CSR beneficiaries



#### Natural Capital

**13%** - Decrease in Energy intensity per rupee of turnover (GJ/crore)  
**5%** - Reduction total Scope 1 and Scope 2 emission intensity in terms of physical output

#### Financial Capital

- Robust revenue growth
- Improved profitability through cost optimisation
- Strong balance sheet

#### Manufacturing capital

- Advanced manufacturing capabilities
- Emission-compliant engines introduced
- Optimised supply chain processes

#### Intellectual capital

- Significant R&D investment
- New patents and innovations
- Development of hybrid engines

#### Human capital

- Zero accidents across all plants
- Comprehensive training programmes
- Supportive work environment

#### Social and relationship capital

- Fostering mutually beneficial relationships for stakeholders,
- Nurturing connections contributing growth and success,

#### Natural Capital

- Sustainable manufacturing practices
- Reduced greenhouse gas emissions
- Commitment to environmental improvement

\*Gross block includes Property, plant and equipment and Other intangible assets

\*\* Excluding exceptional items and including provision/(reversal) for overdue receivables made for a customer towards sales made in previous years



## Operating context

# Shaping strategy for an evolving market

We operate in a landscape shaped by evolving energy regulations, increasing localisation efforts, a growing emphasis on sustainability and dynamic infrastructure investments. Understanding these shifts helps us align our manufacturing, product development and customer engagement with the real needs of the market.

We closely track both macro and micro-level changes, from emissions standards and technology shifts to rural electrification and OEM trends, adapting our strategies accordingly. Our diversified product portfolio, engineering expertise and service reach position us well to navigate these changes while continuing to deliver functional, efficient and compliant solutions across sectors.

### What is changing ?

Transition to CPCB IV+ norms

Strengthening of infrastructure and urban utilities

Focus on rural productivity and water efficiency

Higher cost of capital and price sensitivity

Push for digital integration in services

Export diversification focus under 'Make in India' initiative

Increasing demand for multi-application engines

### What does it mean for us ?

Drives the need for faster product upgrades, stricter emissions compliance and readiness across our genset and engine platforms. It also creates for differentiated offerings with lower lifecycle impact.

Increased demand for standby and distributed power solutions from construction, metro and municipal services. We continue to support these sectors with robust and scalable genset solutions.

Keeps farm mechanisation and water solutions relevant, especially in regions investing in micro-irrigation and agri-infrastructure. Product design and channel access play a key role here.

Reinforces the importance of operational efficiency, localisation and value engineering across our product lines. These elements are vital for maintaining competitiveness without compromising performance.

Accelerates the adoption of IoT-enabled gensets, remote monitoring and predictive maintenance tools. We continue to invest in technology that enhances field visibility and service quality.

Opens opportunities to strengthen international business with a wider fuel-agnostic product mix and regulatory alignment for select global markets.

Encourages tighter integration between industrial applications, better modular design and consistent reliability across product environments.





## Risk management

# Safeguarding progress through strategic foresight

We view risk management as an essential part of our operations and decision-making process. The Board, along with the Audit and Risk Management Committees, provides oversight to ensure that risks across functions and geographies are identified, evaluated and addressed through structured processes. We follow a balanced, top-down and bottom-up perspective, supported by an internal control system that is regularly tested through audits and aligned with the complexity of our operations.



### Balancing foresight with preparedness

Risk is an inherent aspect of our operating environment and our ability to manage it effectively shapes both continuity and growth. Our risk response is designed to be practical, responsive and forward-looking. We map risks across business, operational and strategic levels, integrating controls into every critical process.

### Enterprise risk framework

| Risk category           | Impact                                                                      | Mitigation Measures                                                             | Capitals impacted |
|-------------------------|-----------------------------------------------------------------------------|---------------------------------------------------------------------------------|-------------------|
| Strategic Risk<br>      | Changes in market conditions or policy directions affecting long-term plans | Strategic planning, diversification, ongoing scenario analysis                  |                   |
| Business Risk<br>       | Volatility in customer segments, product performance or market share        | Customer feedback integration, product refresh cycles, competitive benchmarking |                   |
| Operational Risk<br>    | Production, supply chain or delivery disruptions                            | Equipment upkeep, alternate vendor sourcing, inventory planning                 |                   |
| Compliance Risk<br>     | Regulatory non-adherence, policy gaps or disclosure lapses                  | Internal audits, training, legal reviews                                        |                   |
| People Risk<br>         | Attrition, skill mismatch or disengagement                                  | Retention programmes, reskilling, structured onboarding                         |                   |
| Economic Risk<br>       | Cost inflation, interest rate shifts or financial headwinds                 | Financial planning, hedging, price tracking                                     |                   |
| Sustainability Risk<br> | Resource pressure, emissions, environmental impact                          | Adoption of renewable energy, waste reduction, product innovation               |                   |
| Cyber security Risk<br> | Digital threats, data breaches or IT infrastructure gaps                    | Layered defence systems, regular security audits, employee awareness programmes |                   |
| Business continuity<br> | External disruptions, such as climate, conflict, disaster                   | Business continuity plans, recovery drills, decentralised systems               |                   |

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

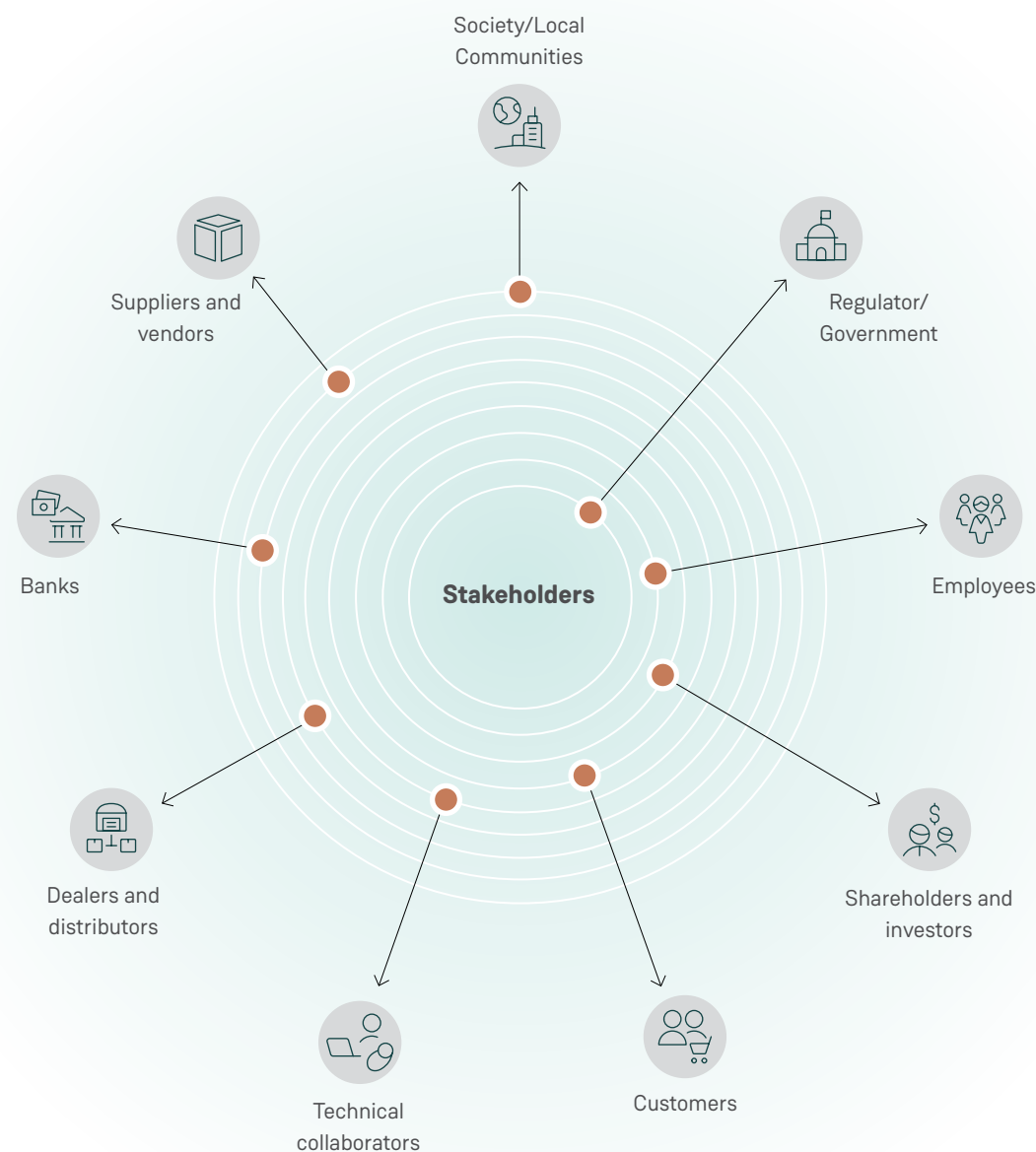


## Stakeholder engagement

# Building trust through meaningful dialogue

We recognise that long-term business resilience depends on understanding and responding to the priorities of those we impact and who impact us. Therefore, Stakeholder engagement is not treated as a one-time consultation, but an ongoing process integrated into our governance, strategy and operations.

We interact with a wide spectrum of stakeholders each with distinct expectations. These engagements help us anticipate change, improve transparency and build mutual value. By aligning our actions with stakeholder inputs, we are poised to make decisions that are informed, balanced and sustainable.



### Employees

#### Capital



#### SDG linkages



#### Why we engage

- ✓ Talent development and retention
- ✓ Workplace safety and well-being
- ✓ Learning and upskilling opportunities
- ✓ Inclusion and workplace culture
- ✓ Transparent communication and feedback

#### How we engage

- ✓ Intranet and internal newsletters
- ✓ Leadership connect sessions and open houses
- ✓ Performance appraisals and career planning reviews
- ✓ Digital learning platforms and cross-functional taskforces

#### Frequency of engagement

Need - basis and as required



### Shareholders and Investors

#### Capital



#### SDG linkages



#### Why we engage

- ✓ Business strategy, financial performance and outlook
- ✓ Future investments and capital expenditure
- ✓ Governance practices and transparency
- ✓ Grievances received and addressed
- ✓ Compliance with applicable laws
- ✓ Sustainability and responsible disclosures

#### How we engage

- ✓ Annual General Meetings
- ✓ Analyst meets and investor presentations
- ✓ Media releases and regulatory announcements
- ✓ Annual Report and financial disclosures

#### Frequency of engagement

Quarterly



### Customer

#### Capital



#### SDG linkages



#### Why we engage

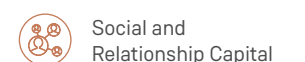
- ✓ Brand awareness and market visibility
- ✓ Information on new and existing products
- ✓ Availability, quality and pricing of products
- ✓ Grievance redressal and transparency
- ✓ Product development feedback
- ✓ Pre- and post-sales service experience

#### How we engage

- ✓ One-on-one interaction
- ✓ Customer satisfaction surveys
- ✓ Helpdesk and service touchpoints
- ✓ Customer events, camps and exhibitions

#### Frequency of engagement

Need - basis and as required



## Technical collaborators

| Capital                                                                                                                                                             | Why we engage                                                                                                                                                                                                                                                   | How we engage                                                            | Frequency of engagement |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|-------------------------|
|                                                                                    | <ul style="list-style-type: none"> <li>Business opportunities and strategic alignment</li> <li>New product development and localisation</li> <li>Leveraging mutual technological strengths</li> <li>Product knowledge exchange and technical support</li> </ul> | <ul style="list-style-type: none"> <li>One-on-one interaction</li> </ul> | Occasional              |
| SDG linkages                                                                                                                                                        |                                                                                                                                                                                                                                                                 |                                                                          |                         |
|   |                                                                                                                                                                                                                                                                 |                                                                          |                         |

## Dealers and Distributors

| Capital                                                                                                                                                                                                                                                     | Why we engage                                                                                                                                                                                                                                                                                                                                                                       | How we engage                                                                                                                                                                        | Frequency of engagement |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
|                                                                                                                                                                           | <ul style="list-style-type: none"> <li>KOEL expectations and dealer need assessment</li> <li>Product availability and portfolio updates</li> <li>Quality and timely delivery</li> <li>Market conditions and business environment</li> <li>Customer expectations and on-ground insights</li> <li>Brand awareness and visibility</li> <li>Contractual terms and compliance</li> </ul> | <ul style="list-style-type: none"> <li>One-on-one interaction</li> <li>Monthly/Quarterly reviews</li> <li>Helpdesk support</li> <li>Dealer conferences and business meets</li> </ul> | Monthly                 |
| SDG linkages                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                      |                         |
|    |                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                      |                         |

## Banks

| Capital                                                                                                                                                                 | Why we engage                                                                                                                                                                                            | How we engage                                                                                                          | Frequency of engagement |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|-------------------------|
|                                                                                      | <ul style="list-style-type: none"> <li>Approval and renewal of funding and non-funding limits</li> <li>Financial performance updates</li> <li>Strategic business direction and future outlook</li> </ul> | <ul style="list-style-type: none"> <li>Consortium meetings</li> <li>Periodic interactions with member banks</li> </ul> | Periodic                |
| SDG linkages                                                                                                                                                            |                                                                                                                                                                                                          |                                                                                                                        |                         |
|   |                                                                                                                                                                                                          |                                                                                                                        |                         |

## Suppliers and vendors

| Capital                                                                                                                                                                                                                                                     | Why we engage                                                                                                                                                                                                                                                                 | How we engage                                                                                                                                                                                                                                                                                                                                                                                                         | Frequency of engagement      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|
|                                                                                                                                                                          | <ul style="list-style-type: none"> <li>Quality, cost and delivery improvement</li> <li>Technology sharing and capability enhancement</li> <li>Contractual compliance and transparency</li> <li>Innovation opportunities</li> <li>Long-term partnership development</li> </ul> | <ul style="list-style-type: none"> <li>One-on-one interaction</li> <li>Annual supplier meets and conferences</li> <li>Quality audits and SQL visits</li> <li>Supplier 'A' Panel Meets and Technology Day</li> <li>Quality contests and Supplier Satisfaction Surveys</li> <li>Joint improvement activities, including BPR, SPI and Value Engineering</li> <li>Samvardhan programme and supplier web portal</li> </ul> | Need - basis and as required |
| SDG linkages                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                       |                              |
|    |                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                       |                              |

## Society / Local communities

| Capital                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Why we engage                                                                                                                                                                                                                                                      | How we engage                                                                                                                                                                                                                          | Frequency of engagement |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <ul style="list-style-type: none"> <li>Need assessment and local development priorities</li> <li>Community development and welfare initiatives</li> <li>Awareness on environmental and social issues</li> <li>Brand perception among local stakeholders</li> </ul> | <ul style="list-style-type: none"> <li>One-on-one interaction</li> <li>Vasundhara Film Festival and community events</li> <li>CSR committee meetings and implementation reviews</li> <li>CSR and Society Perception Surveys</li> </ul> | Annual                  |
| SDG linkages                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                        |                         |
|       |                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                        |                         |

## Regulator/ Government

| Capital                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Why we engage                                                                                                                                                                                                                                                                                                                                                    | How we engage                                                                                                                                                                                                                                                                                                              | Frequency of engagement |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                | <ul style="list-style-type: none"> <li>Compliance with applicable laws and regulations</li> <li>Timely and transparent tax contributions</li> <li>Employment generation and local engagement</li> <li>Social responsibility alignment</li> <li>Industry concerns and policy advocacy</li> <li>Understanding and aligning with government expectations</li> </ul> | <ul style="list-style-type: none"> <li>Participation in economic publications, journals and seminars</li> <li>Interaction with District, State and Central authorities</li> <li>Meetings with Pollution Control Boards and tax departments</li> <li>Submissions through regulatory channels and industry forums</li> </ul> | Periodic                |
| SDG linkages                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                            |                         |
|       |                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                            |                         |



## Materiality assessment

### Focusing on what matters most

We place strong emphasis on the materiality assessment process, which helps us identify issues that have a meaningful impact on our business and stakeholders. This approach supports informed decision-making, enabling us to address risks effectively and align our strategy with emerging opportunities.



#### Environment

01 Circular Economy 02 Climate action



#### Social

03 Employee health and safety 04 Talent management 05 Stakeholder relations 06 Responsible Supply chain  
07 Labour Practices and human right

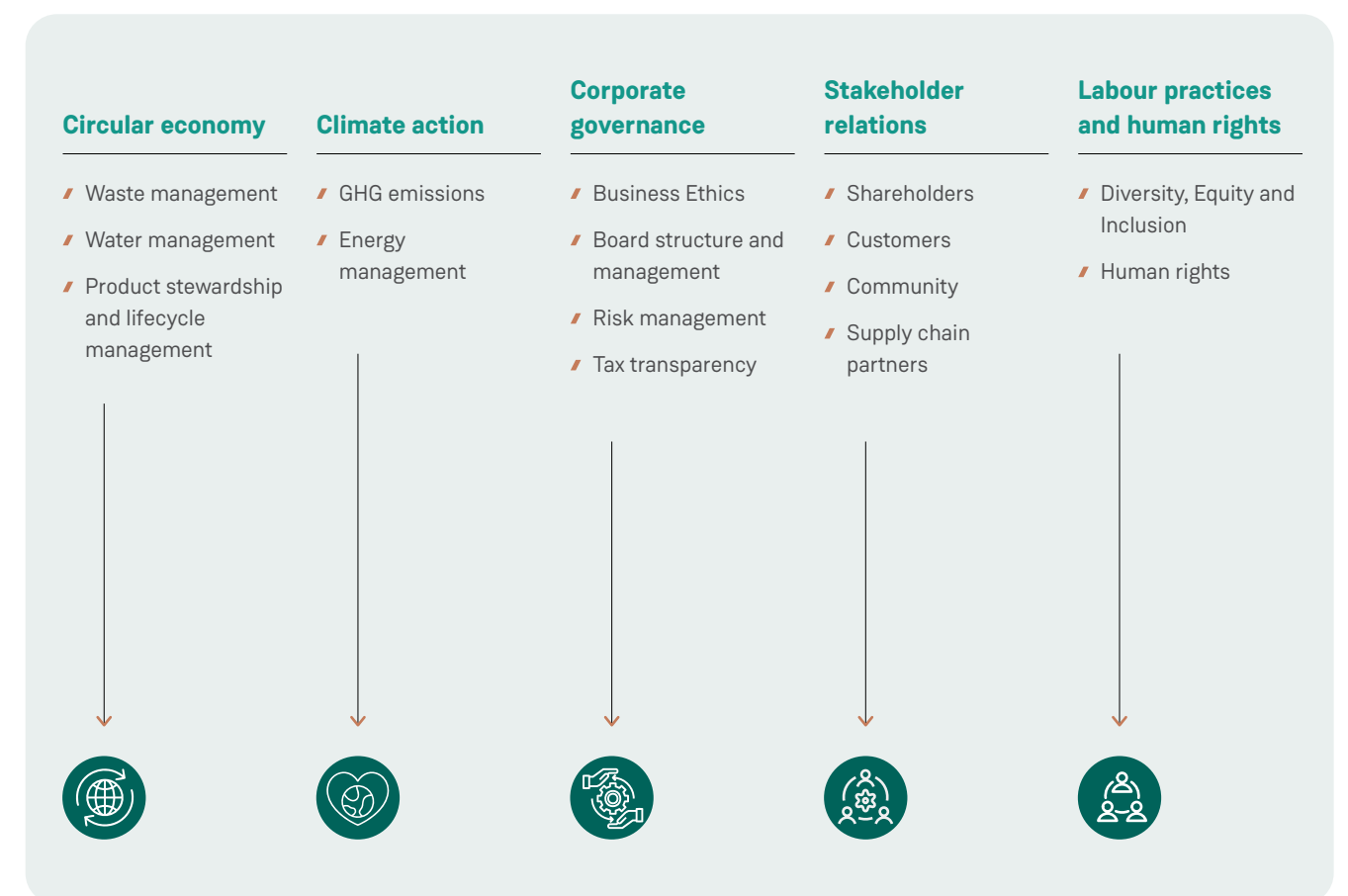


#### Governance

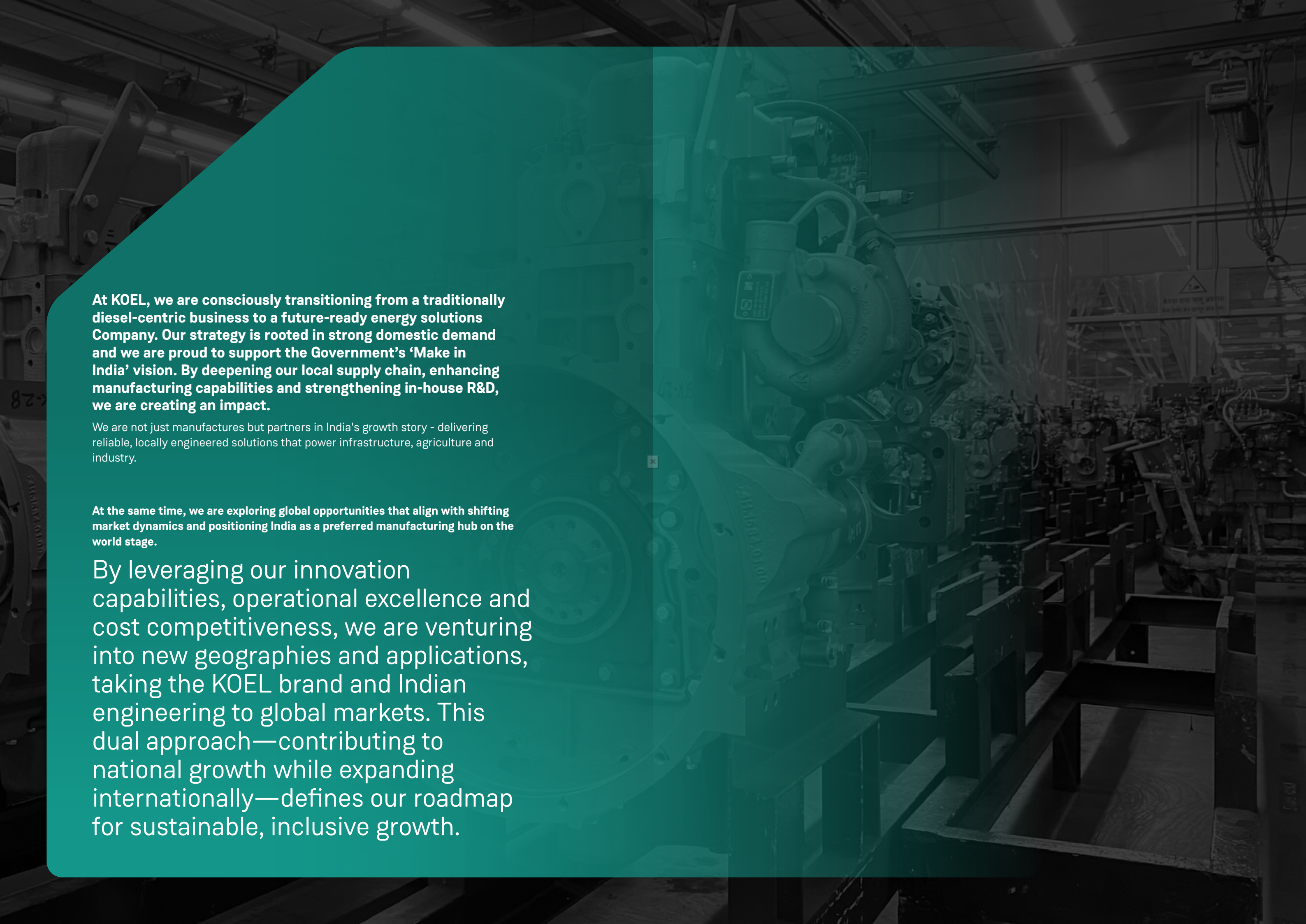
08 Innovation management 09 Cyber security and data privacy

| High priority                | Medium priority                    | Low priority                     |
|------------------------------|------------------------------------|----------------------------------|
| 1 Employee health and safety | 6 Responsible supply chain         | 9 Cybersecurity and Data privacy |
| 2 Talent management          | 7 Innovation management            |                                  |
| 3 Circular economy           | 8 Labour practice and Human rights |                                  |
| 4 Climate action             |                                    |                                  |
| 5 Stakeholder relations      |                                    |                                  |
| 10 Corporate Governance      |                                    |                                  |

#### Areas covered under key material issues





The background of the entire page is a grayscale photograph of an industrial manufacturing facility. It shows various pieces of heavy machinery, including what appears to be a large engine or pump assembly in the foreground, and rows of metal frames or components in the background. A semi-transparent teal shape, consisting of a large triangle on the left and a vertical rectangle extending to the right, serves as a backdrop for the text.

**At KOEL, we are consciously transitioning from a traditionally diesel-centric business to a future-ready energy solutions Company. Our strategy is rooted in strong domestic demand and we are proud to support the Government's 'Make in India' vision. By deepening our local supply chain, enhancing manufacturing capabilities and strengthening in-house R&D, we are creating an impact.**

We are not just manufactures but partners in India's growth story - delivering reliable, locally engineered solutions that power infrastructure, agriculture and industry.

**At the same time, we are exploring global opportunities that align with shifting market dynamics and positioning India as a preferred manufacturing hub on the world stage.**

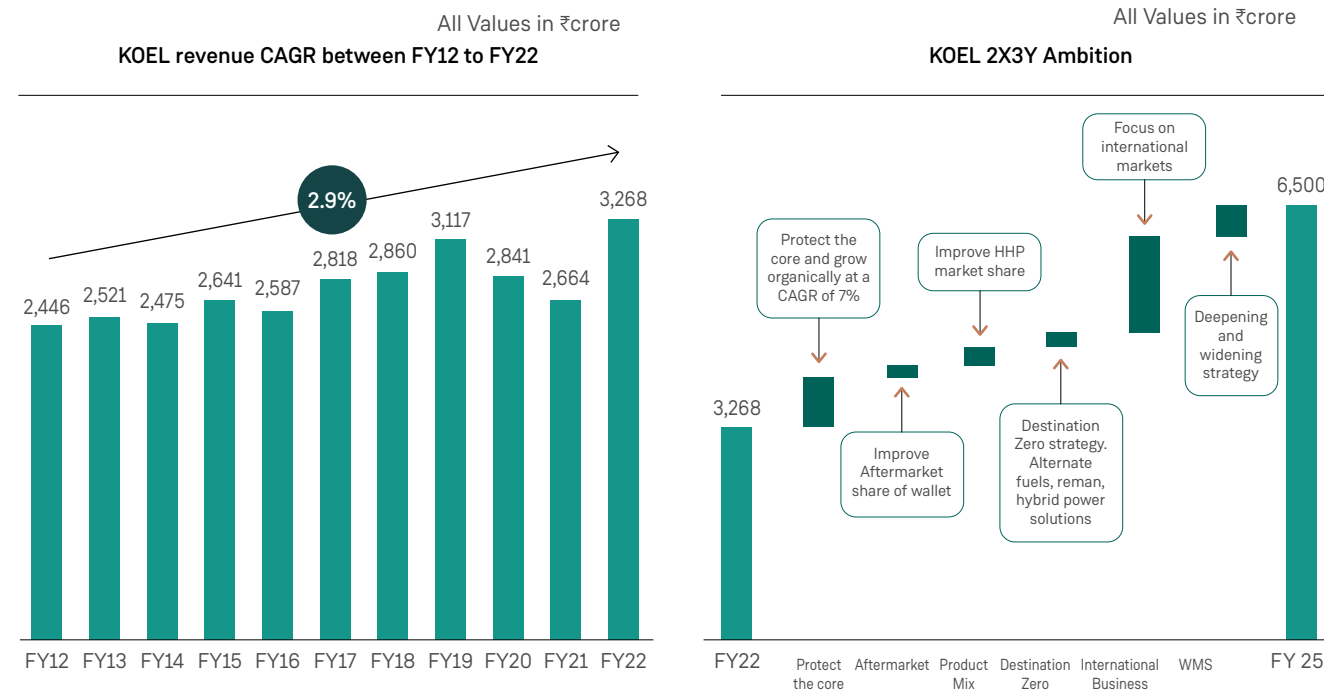
By leveraging our innovation capabilities, operational excellence and cost competitiveness, we are venturing into new geographies and applications, taking the KOEL brand and Indian engineering to global markets. This dual approach—contributing to national growth while expanding internationally—defines our roadmap for sustainable, inclusive growth.



## Crafting our blueprint to success

## Wrapping up the 2X3Y strategy

The ambition of 2X3Y was a significant departure from the previous 10 years performance

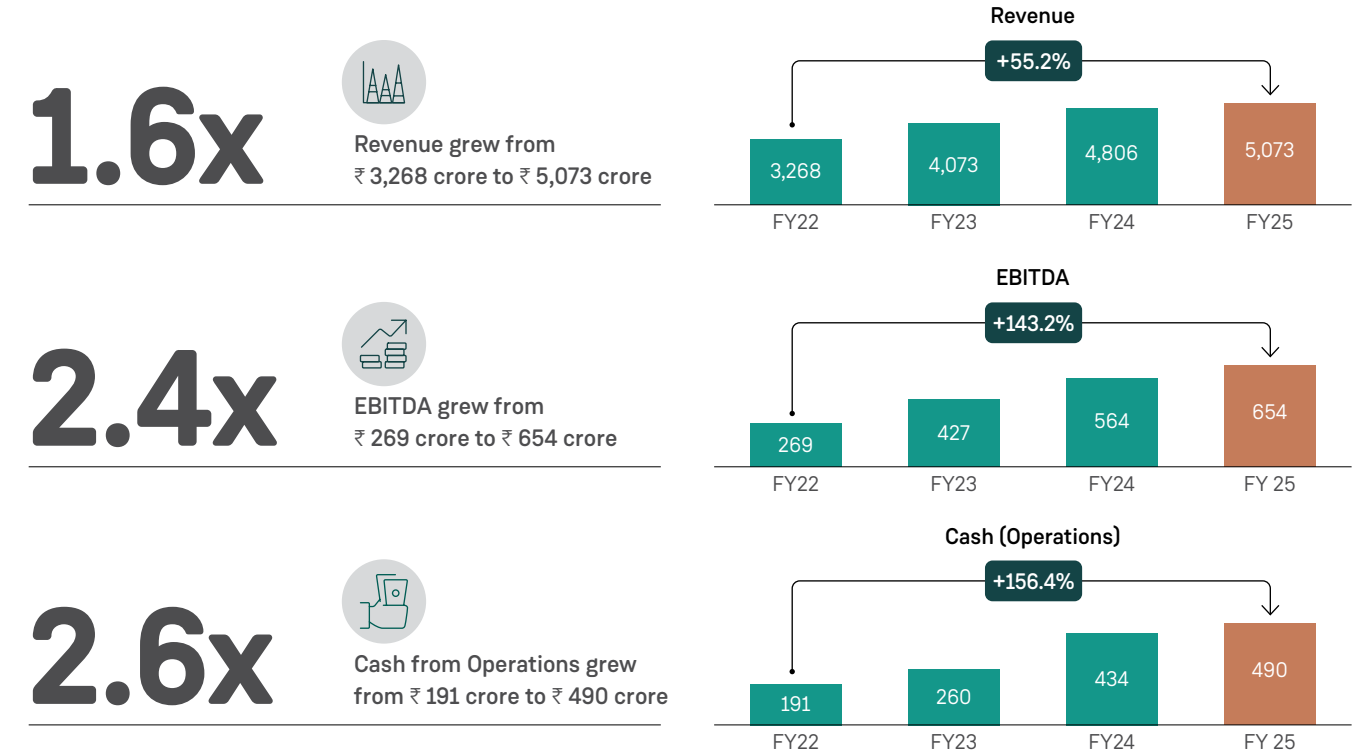


- Our long term growth rate for Kirloskar Oil Engines was below inflation
- We took an ambitious target to double our revenues by FY 2025
- The ambition had several inherent assumptions and relied very heavily around growth in international markets in B2B and deepening and widening in the B2C segment.

At the beginning of FY 2023, we set ourselves a bold ambition—to double our business in three years. For the first time, we chose to announce this goal publicly. It was a conscious decision, driven by our belief that ambitious targets, when shared openly, create accountability and inspire a results-oriented culture across the organisation. While this approach may have sparked varied perspectives, we were confident it was the right move to ignite focused action and ensure collective alignment.

During the reporting year, we achieved consistent double-digit growth across all major business segments, including Power Generation, Industrial, Distribution and Aftermarket, International Businesses and Water Management Solutions. With eleven consecutive quarters of over ₹1,000 crore revenue from operations and a strong net cash position, the 2X3Y journey has firmly positioned the Company on the next orbit of growth.

Our 2X3Y journey ended with FY 2025 marking a satisfying performance across the trifecta



### A Prudent Strategy and Well-Oiled Execution Machine

The success of our 2X3Y journey was supported by a clear strategy and continued emphasis on operational excellence.

Our approach was built around five pillars, each supported by targeted programmes that advanced growth, deepened customer engagement and strengthened our position as an employer of choice. This deliberate alignment between objectives, pillars and programmes ensured that every initiative from market expansion to technology integration was tied to delivering tangible business outcomes.

### 2X3Y Strategic Pillars and Programmes

| Objective          | Strategic pillars                                                                                                                                                                                                    | Key programmes                                                                                                                                                                                                                                                                                                 |
|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Growth Mindset     | <ul style="list-style-type: none"> <li>Drive Business Growth EBITDA and Cash Generation</li> <li>Optimise Channel</li> <li>Execute Technology and Digital Roadmap</li> <li>Achieve Operational Excellence</li> </ul> | <ul style="list-style-type: none"> <li><b>B2B:</b> Deploy Core Diesel Growth Strategy</li> <li><b>B2C:</b> Drive Growth, Agility, Path to Profitability</li> <li>Expand in International Markets</li> </ul>                                                                                                    |
| Customer delight   | <ul style="list-style-type: none"> <li>Become an Employer of choice</li> </ul>                                                                                                                                       | <ul style="list-style-type: none"> <li>Build Key OEM Partnerships</li> <li>Strengthen Channel Strategy (GTM)</li> <li>Ensure Timely B2B and B2C Execution</li> </ul>                                                                                                                                           |
| Employer of Choice |                                                                                                                                                                                                                      | <ul style="list-style-type: none"> <li>Leverage Digital and Analytics</li> <li>Position Service and Aftermarket as Strategic Levers</li> <li>Build a Leadership Pipeline and Performance Culture</li> <li>Execute Technology Roadmap</li> <li>Leverage Manufacturing, SCM and Quality as Advantages</li> </ul> |

## Achieving milestones with agility

# A Robust Roadmap for the Future

### Aspiring for More

Charting Our Journey  
Toward a \$2 Billion  
Horizon

## Guided by Vision 2030

We have now embarked upon  
the 2B2B Strategy — aiming  
for a \$2 billion revenue target  
by FY2030

### 2B2B Strategy - The Ambition

Grow the Kirloskar Oil Engines  
business to \$2 Billion in the next  
5 years at a consolidated level





## 1: Grow

### Driving Growth: Fuelling Financial Success and Sustainable Value

**We strategically deploy our financial resources to fuel our growth ambitions and deliver optimal returns to our stakeholders. Through disciplined capital allocation, we ensure a balanced approach, rewarding our stakeholders with dividends while reserving funds for strategic initiatives that drive long-term growth. This approach reflects our commitment to sustainable financial success and the creation of enduring value for all those we serve.**

#### SDGs impacted



#### Perspective of the Leadership



At the end of our 2X3Y journey, we are proud that KOEL now stands out for its scale, resilience and innovation. This performance lays a solid foundation for our next growth phase, where we will focus on exploring new technologies, strengthening our international footprint and delivering sustained value to all stakeholders.



**Gauri Kirloskar**  
Managing Director



## Objective of the Strategy

Our 'Grow' strategy is centred on expanding KOEL's market presence, enhancing innovation capabilities and strengthening financial resilience. By targeting high-value segments such as high-horsepower gensets, marine propulsion, defense and rail, we are leveraging our advanced product portfolio, which includes the Optiprime series and the newly developed 6 MW engine to capture emerging opportunities.

Internationally, we are reinforcing our presence in key markets such as the Middle East, Africa and the US through strategic distribution realignment and tailored market approaches. In both domestic and international markets, we are improving operational

efficiency to underpin growth with strong cash flows, disciplined capital allocation and sustainable value creations.

## Capital Expenditure

Capital investment is a core pillar of our growth strategy, supporting the expansion of manufacturing capabilities, acceleration of product development and enhancement of technological competitiveness. Over the past year, we made deliberate and structured allocations to strengthen our operations and meet both market demand and future innovation requirements.

These capital investments reflect KOEL's commitment to balancing near-term operational improvements with long-term strategic foresight. KOEL is expanding revenue streams and boosting its premium segment competitiveness through the Kagal expansion and defence initiatives. Meanwhile investments in B2C consolidation and technology reinforce the Company's ability to optimise cost efficiencies and meet customer expectations. With a clear capital deployment roadmap, we are laying the necessary structural foundation to deliver on our ambitious 2B2B strategy, enabling sustained value creation for stakeholders in the years ahead.

## Outlook

As KOEL moves into its next phase, the Company's growth strategy is firmly anchored in a foundation of capital discipline, operational efficiency and market expansion. The momentum built under the 2X3Y strategy positions KOEL to pursue its \$2 billion aspiration with confidence, resilience and a clear foresight.

### Key capex highlights

**₹237 crore**

Spent during FY 2025

KOEL has planned a ₹700 crore capex over the next 2-3 years to strengthen our manufacturing footprint, accelerate product innovation and drive automation across plants. A portion of this investment will also support our sustainability goals by enhancing energy efficiency and modernising infrastructure. This investment reflects our focus on building a future-ready, customer-centric energy solutions business.

**6%**

Top - line growth

**₹ 654 crore**

FY 2025 EBITDA\*

**₹ 448 crore**

Strong net cash\*\* position

**₹ 5,073 crore**

FY 2025 Sales

**₹ 432 crore**

FY 2025 PAT

**12.8 %**

FY 2025 EBITDA\* margin

\* Excluding exceptional items and including provision/(reversal) for overdue receivables made for a customer towards sales made in previous years

\*\*Net of debt; includes treasury investments and excludes unclaimed dividends



## 2: Innovation

### Innovating Tomorrow: Pioneering Products and Technologies for the Future

**Innovation is deeply embedded in the way we engineer solutions tailored to meet regional needs while simultaneously strengthening our patent portfolio. We invest in nurturing homegrown talent by promoting continuous learning, building partnerships with educational institutions and fostering an inclusive and engaging workplace.**

**Our teams are empowered through innovation hubs, knowledge-sharing platforms and recognition programmes that celebrate intellectual excellence. Upholding our commitment to future-ready technologies, we also invest in green innovations—enhancing energy efficiency and exploring alternative fuels to reduce our environmental impact and build a more sustainable tomorrow.**

#### SDGs impacted



#### Perspective of the Leadership



Our comprehensive approach ensures that our products comply with strict emission standards, while advancing both economic and technological development. At its core, our focus on intellectual capital reinforces our long-term vision for innovation and sustainable growth.



**Rahul Sahai**  
CEO - KOEL



## Innovation and business growth

Our design and development efforts are aligned with long-term ambitions, market demands, evolving societal trends and new regulatory requirements. Over the past two decades, we have expanded our engine portfolio. Today, we proudly offer the widest range of engines and gensets from 3kVA to 12,000kVA.

Our existing engine platforms are continuously upgraded for higher peak cylinder pressure and performance, with successful launches of 180-bar peak cylinder pressure engines. Further, we are currently developing next-generation engines that exceed 200-bar pressure, demonstrating our commitment to pushing industry benchmarks. While the recently introduced 32 kVA/litre power density engine marks a significant milestone, we target nearly 40 kVA/litre in upcoming platforms.

## Focusing on Sustainability and Emission Compliance

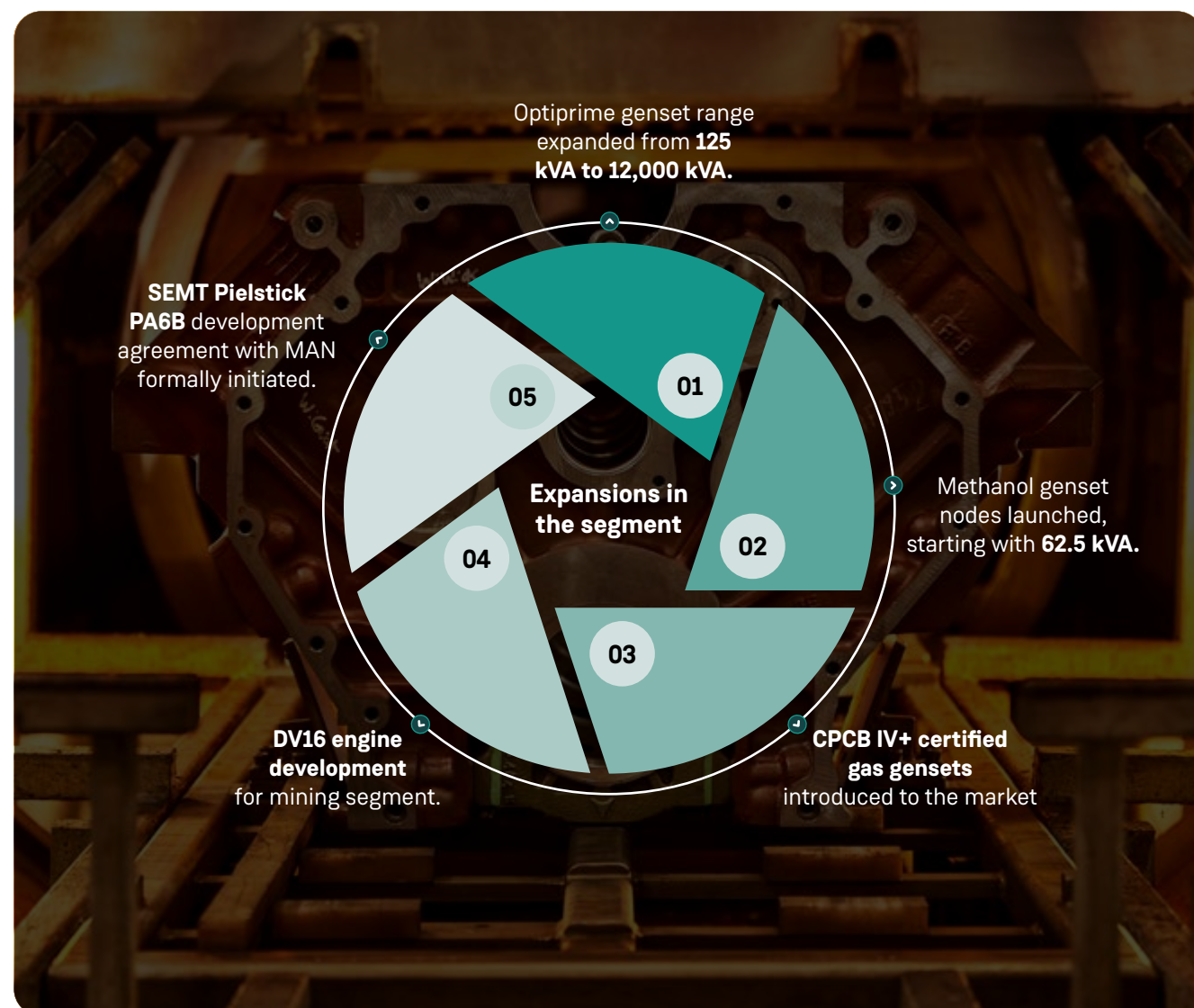
Our innovation strategy is focused on delivering engineering solutions that are both regionally relevant and globally competitive. We are advancing fuel-agnostic engine platforms and hybrid energy management solutions to meet the evolving demands of our customers while supporting their decarbonisation

goals. By optimising both new and existing engine platforms, we are enhancing fuel economy, power output and cost efficiency across priority market segments.

Environmental stewardship lies at the heart of our innovation strategy. We are actively developing biogas engines, engines compatible with 100% biodiesel and stoichiometric natural gas engines—all aimed at reducing carbon emissions. These initiatives, combined with our investments in green technologies, position us as a committed partner in the decarbonisation journey of our customers.

## B2B Segment

KOEL's B2B business is evolving from a traditional product-centric model to a comprehensive solutions-led approach. This transformation supports our strategic objective of delivering integrated, technology-driven systems that meet the increasingly sophisticated demands of our industrial and commercial customers. As the demand for reliable, clean and flexible power continues to rise, we are leveraging our diverse product portfolio—including alternate fuel gensets, fuel-agnostic platforms and advanced control systems—to reinforce our leadership in the rapidly transforming energy landscape.



## Diversified portfolio – Industrial Segment



### Construction

Powering heavy machinery and lighting at remote sites, ensuring critical equipment remains functional during outages and keeping construction projects on track



### Defence

Providing durable and reliable gensets designed for demanding military environments, supporting bases, communication systems and specialised defence equipment



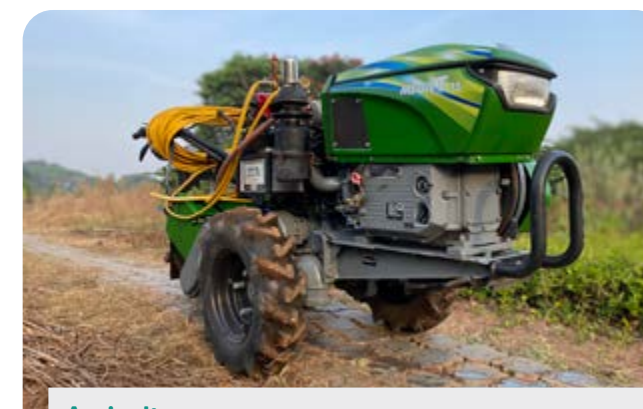
### Marine

Supplying marine-grade gensets and marine propulsion engines engineered to withstand harsh sea conditions, KOEL provides dependable power for navigation, communication, onboard operations and vessel movement—ensuring robust performance, safety and reliability at sea



### Railways

Ensuring uninterrupted power supply for railway signalling systems and critical infrastructure, supporting the seamless flow of rail transport services



### Agriculture

Offering a comprehensive suite of durable, efficient and farmer-centric machines, aimed at empowering smallholders and increasing productivity across India's diverse agricultural landscapes



### Mining

Providing dependable power in remote mining locations, supporting vital activities such as ventilation, lighting, equipment operation and powering mining machinery—delivering reliable engine solutions in locations with limited grid access



## Growth opportunities

The B2B is expected to benefit from rising demand for prime and standby power solutions, driven by the surge in power-intensive industries, data centres and construction projects. We are positioning ourself to capture growth in distribution and aftermarket services by leveraging our increasingly sophisticated product portfolio, which require specialised servicing, greater technical support and an expanded wallet share per customer.

## B2C Division

In our B2C segment, we are committed to delivering reliable and affordable solutions in water management and farm mechanisation. With a clear focus on the evolving of the agricultural sector, we develop products that are both efficient and accessible. We prioritise consumer convenience and support our offerings with a strong after-sales service network, building enduring customer relationships and loyalty.

## Water Management Solutions (WMS)

In WMS, we offer a comprehensive range of efficient and reliable pump solutions tailored for irrigation, water supply and household applications. Our current portfolio reflects a strong emphasis on energy efficiency and durability, ensuring high performance even in resource-constrained environments. These solutions cater to both agricultural and rural household needs, reinforcing our position as a trusted partner in the water management sector.

## Farm Mechanisation Solutions (FMS)

Our farm mechanisation portfolio has been developed with the goal of improving farm productivity, efficiency and profitability. The Company offers a range of mechanised solutions designed to meet the specific requirements of Indian farmers, helping them address challenges such as labour shortages and time-intensive agricultural practices. Alongside product development, we place a strong emphasis on improving service quality, recognising that timely and effective service is critical to maximising customer satisfaction and equipment longevity.

## New Initiatives

We are creating better synergy within our B2C operations, complementing our solution-provider approach. This restructuring reflects our focus on offering not just products, but integrated services and solutions that align with customer needs across rural and agricultural markets.

## Digitalisation

The Company's digitalisation efforts incorporate advanced technologies such as AI chatbots, enterprise platforms and IoT integration, which are being progressively embedded into channels to enhance customer engagement, improve service responsiveness and increase operational transparency.

## Advancing Indigenous Defence Capabilities

We have signed a Project Sanction Order with the Indian Navy under the Make-I category for the design and development of a 6MW Medium Speed Marine Diesel Engine. The agreement was formalised in the presence of Secretary (Defence Production) Shri Sanjeev Kumar and Vice Chief of the Naval Staff Vice Admiral Krishna Swaminathan at South Block, New Delhi. This collaborations positions us at the forefront of a critical national initiative to build homegrown capabilities in marine propulsion technology.

**₹ 270 crore**

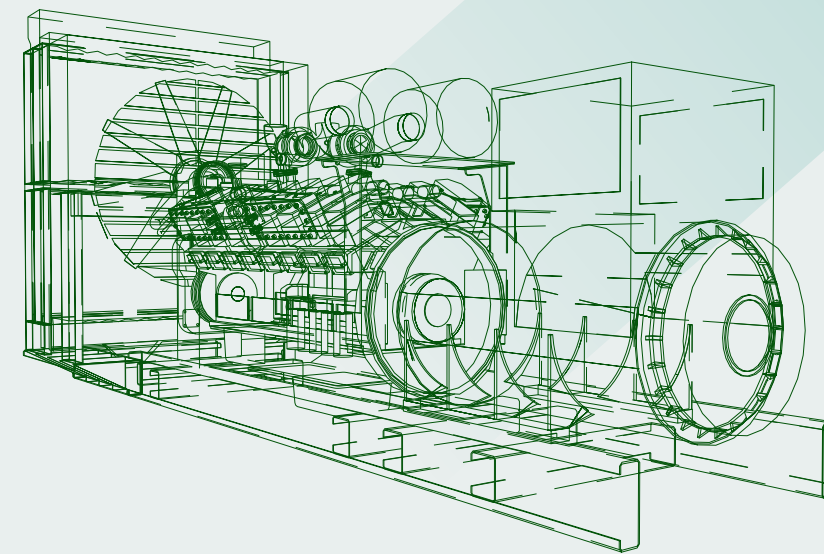
Sanctioned for  
prototype development

## Delivering Engineered Solutions with High Indigenous Value

As part of this initiative, we are set to develop a prototype engine featuring over 50% indigenous content, with an estimated project cost of ₹270 crore. Notably, with 70% of the funding for this project will be provided by the Government of India. In addition to the 6MW prototype, we will also prepare detailed designs for diesel engines ranging between 3MW and 10MW capacities. These engines are intended for main propulsion and power generation across vessels operated by the Indian Navy and Indian Coast Guard.

## Reducing Import Dependency and Strengthening Industry Readiness

Until now, India has relied on foreign Original Equipment Manufacturers (OEMs) for high-capacity marine diesel engines. This project marks a decisive step in reducing that reliance and expanding local design and manufacturing expertise in a highly specialised segment. It contributes meaningfully to the national vision of self-reliance in defence technologies and is expected to enhance domestic industrial capability while conserving foreign exchange outflows. We view this opportunity as a significant development towards building a more resilient and technology-led defence manufacturing ecosystem in India.



66

We are honoured to be selected by the Indian Navy for this prestigious project and to contribute to the building of our nation. This is a proud moment for all of us at KOEL and I am confident that our technical and R&D expertise will enable us to deliver yet another world-class product to the Indian Navy. We would like to thank the Ministry of Defence and the Indian Navy for their support and guidance.

**Gauri Kirloskar**  
Managing Director

99



## 3: Excel

### Manufacturing Excellence: Driving Quality, Delivering Performance

By leveraging our state-of-the-art manufacturing facilities, we continue to drive operational excellence. Our technology-enabled processes streamline production, enhance efficiency, boost productivity and consistently elevate product quality. We embed environmental stewardship into our practices, adopting sustainable manufacturing methods that reduce resource consumption, minimise waste and lower emissions. These efforts also support a safe and secure working environment for our employees, aligning productivity with responsibility.

#### SDGs impacted



#### Perspective of the Leadership



KOEL's manufacturing excellence is reflected in strong operational efficiency, a resilient local supply chain and record-breaking production this year. We deliver high-quality, customer-focused products while ensuring a safe workplace. As a result, we have recorded zero accidents during the reporting year.



**Rahul Sahai**  
CEO - KOEL



## Manufacturing facilities

Our advanced manufacturing network forms the backbone of our operations, enabling us to meet diverse customer requirements across domestic and global markets. Our core facilities — located in Kagal, Nashik, Rajkot and Bhare — are equipped with contemporary technologies, automated processes and a skilled workforce, ensuring precision, scalability and adherence to world-class standards.

With a sharper focus on operational excellence, sustainability and safety, we continue to make significant investments to strengthen our manufacturing footprint and support long-term business growth.

### Manufacturing Facilities



#### KAGAL

- Contributes ~70% of Power and Energy segment production
- Equipped with advanced digital and machining technologies
- Maintains 99.4% first-time pass rate and zero reportable accidents



#### NASHIK

- Specialises in large engines and gensets
- Recognised as the 'Most Energy Efficient Unit' by CII
- Equipped with advanced testing and strong project management capabilities



#### RAJKOT

- Focuses on agricultural and small industrial engines
- Delivers cost-effective, reliable pump sets
- Uses 100% engine testing and multi-stage quality gates



#### BHARE

- Produces small-range gensets and power weeder engines
- Serves both B2B and B2C markets
- Supports agricultural productivity with farmer-friendly solutions



#### SANAND (Subsidiary)

- Manufactures range of submersible and surface pumps
- Equipped with ISO 9001: 2015 certification
- Successfully completed cost saving projects worth ₹1.3 crore

## Kagal

Located near Kolhapur, Maharashtra, the Kagal plant spans 163 acres. This Kagal facility was constructed in a record-breaking 19 months and incorporates dedicated production and warehousing space.

Equipped with best-in-class machining centres, single-piece flow manufacturing and digital twin technology, Kagal has achieved remarkable performance benchmarks, including over 85% in-line efficiency. It maintains an exceptional safety record, with zero reportable accidents for 3,800+ days.



## Genset plant

### Advanced manufacturing

We leverage cutting-edge manufacturing technologies, including single-piece flow systems and conveyorised assembly lines, to streamline production and maximise operational efficiency. These advanced setups enable us to maintain consistent output quality while optimising throughput across our facilities.

### Automated Quality Control

Our commitment to excellence is reinforced by a robust combination of automated machining systems and rigorous quality checks integrated throughout the production process. This ensures that every genset we deliver meets the highest standards of performance, reliability and durability.

## Nashik

Our Nashik plant specialises in the production of large engines and gensets tailored for defense, industrial and power generation markets. It integrates advanced type and rain testing systems and is supported by a dedicated project management team that oversees every stage — from application engineering to commissioning and after-sales service.

## Rajkot

The Rajkot facility plays an essential role in manufacturing agricultural and small industrial engines, focusing on delivering cost-effective, reliable pump sets and equipment designed for rural markets. The site combines advanced testing capabilities, with efficient assembly processes and multi-stage quality gates. Sustainability is a key priority, with initiatives focused on energy conservation and quality improvement across the agricultural and small-equipment sectors.

## Sanand (Subsidiary)

The Sanand plant, located in Gujarat, specialises in producing range of submersible and surface pumps. The plant recorded the highest-ever quarterly exports sales.

## Bhare

The Bhare facility, located in Pirangut, Pune, caters to both Power and Energy as well as Farm Division (B2C) markets. It specialises in the production of small-range gensets for power generation in the Power and Energy segment and manufactures power weeder engines used for farm mechanisation in the B2C segment. These products are crafted to enhance agricultural productivity, providing farmers with reliable, user-friendly solutions designed for practical field use. Bhare complements KOEL's broader manufacturing network, reinforcing its ability to serve emerging rural and agricultural markets with agility and focus.

### FY 2025 Highlights

Invested over ₹1,000 crore in manufacturing enhancements across key facilities

Expanded Kagal plant capacity with ₹31.15 crore invested in 5C machining, raising capacity from 3 to 10 units per month and boosting scalability

Enhanced Nashik production capabilities for the K4300 line, enhancing capacity from 10 to 12 units per month

Implemented digital twin technology at Kagal, improving operational efficiency

Strengthened safety and quality performance, maintaining zero reportable accidents at Kagal and achieving a 99.4% first-time pass rate

Continued progress towards carbon neutrality by integrating renewable energy solutions, including microgrid systems



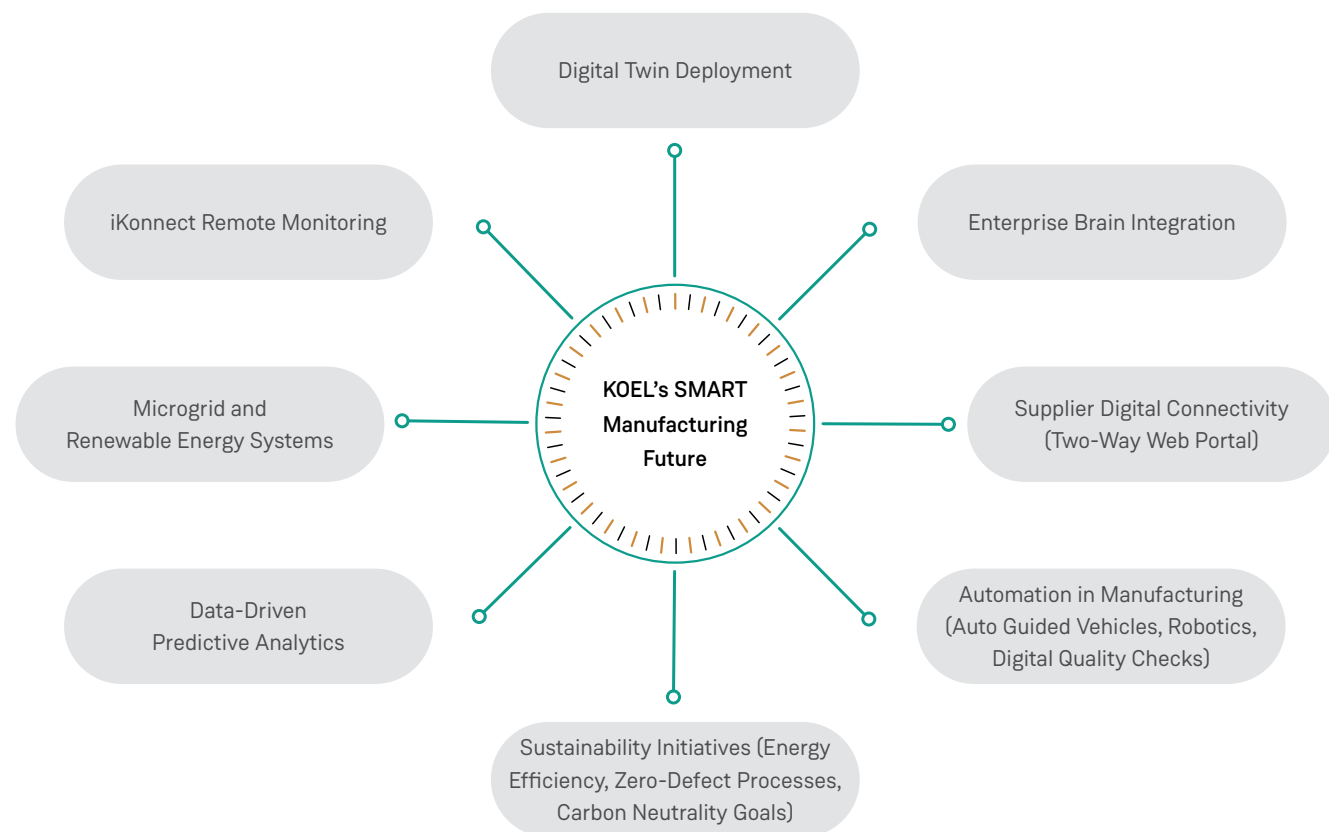
## Digitalisation and automation

We continue to advance digitalisation and automation across our manufacturing and operational landscape, positioning ourselves as a future-ready, technology-driven organisation. Central to this transformation drive is the deployment of digital twin systems, which enable real-time monitoring, performance simulation and process optimisation across key manufacturing lines. This has enhanced production efficiency, reduced process variability and improved decision-making.

We have also leveraged iKonnnect, a digital monitoring and control system that strengthens remote oversight, improves service response times and ensures equipment health across the network. The integration of enterprise-wide platforms, such as the Enterprise Brain, has helped us embed digital intelligence into our core operations to streamline workflows and boost operational agility.

Across the supply chain, we have accelerated horizontal digital integration, creating two-way digital connections with our suppliers through dedicated web portals. This has enhanced data transparency, built stronger analytics capabilities and allowed us to implement predictive insights for risk management and performance improvements.

KOEL is advancing towards becoming a fully SMART manufacturing organisation by embedding digital systems, automation and intelligence across all functions. By 2028, we aims to transform our operations into a digitally integrated, high-efficiency manufacturing ecosystem, aligned with global Industry 4.0 standards.



## Quality Assurance

At KOEL, the pursuit of quality excellence lies at the core of everything we do, encompassing products, processes and people. Our quality assurance approach is built on a foundation of rigorous systems, cutting-edge technologies and a culture of continuous improvement, ensuring we consistently deliver reliable, high-performance solutions to our customers.



This holistic framework enables us to align cross-functional teams, streamline manufacturing processes, improve product launches and integrate advanced tools across operations.

To uphold our reputation for excellence and deliver consistent, high-quality products, we have implemented a robust set of quality assurance initiatives. These programmes span every aspect of our operations — from people development and process control to product design and advanced technology integration — empowering us to meet and exceed industry standards.

| Quality Initiative                                 | Key Focus and Outcomes                                                                                                                                  |
|----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>New Product Quality function</b>                | Dedicated function established to identify early-stage risks and develop effective mitigation strategies for new product launches                       |
| <b>Process and Product Audits</b>                  | Audits conducted across all GOEMs to strengthen genset quality and ensure adherence to defined process standards                                        |
| <b>Standardisation of Manufacturing Quality</b>    | Unified manufacturing processes and standardised quality KPIs implemented across all plants to ensure consistency and operational excellence            |
| <b>Product Quality Council</b>                     | Specialised council focused on Marine and Defence segments, driving targeted improvements for these demanding applications                              |
| <b>Six Sigma Training</b>                          | 53 employees successfully trained and certified in Six Sigma, building internal capabilities for systematic process improvements                        |
| <b>Safety Enablement</b>                           | Regional safety teams introduced to enhance safety practices across area offices, GOEMs and service dealer networks                                     |
| <b>Technology Adoption for Quality Improvement</b> | Integration of vision recognition systems into assembly stations, receipt quality checkpoints and machine shop operations for advanced defect detection |
| <b>New Product Quality and Safety Enhancements</b> | Introduction of Safe Launch Assessments and Product Safety Assessments to improve quality and safety during product introductions                       |
| <b>Assembly Quality System (AQS)</b>               | AQS audits rolled out at key industrial OEMs to improve build quality, especially for BSV machine lines                                                 |



## Supply Chain Management

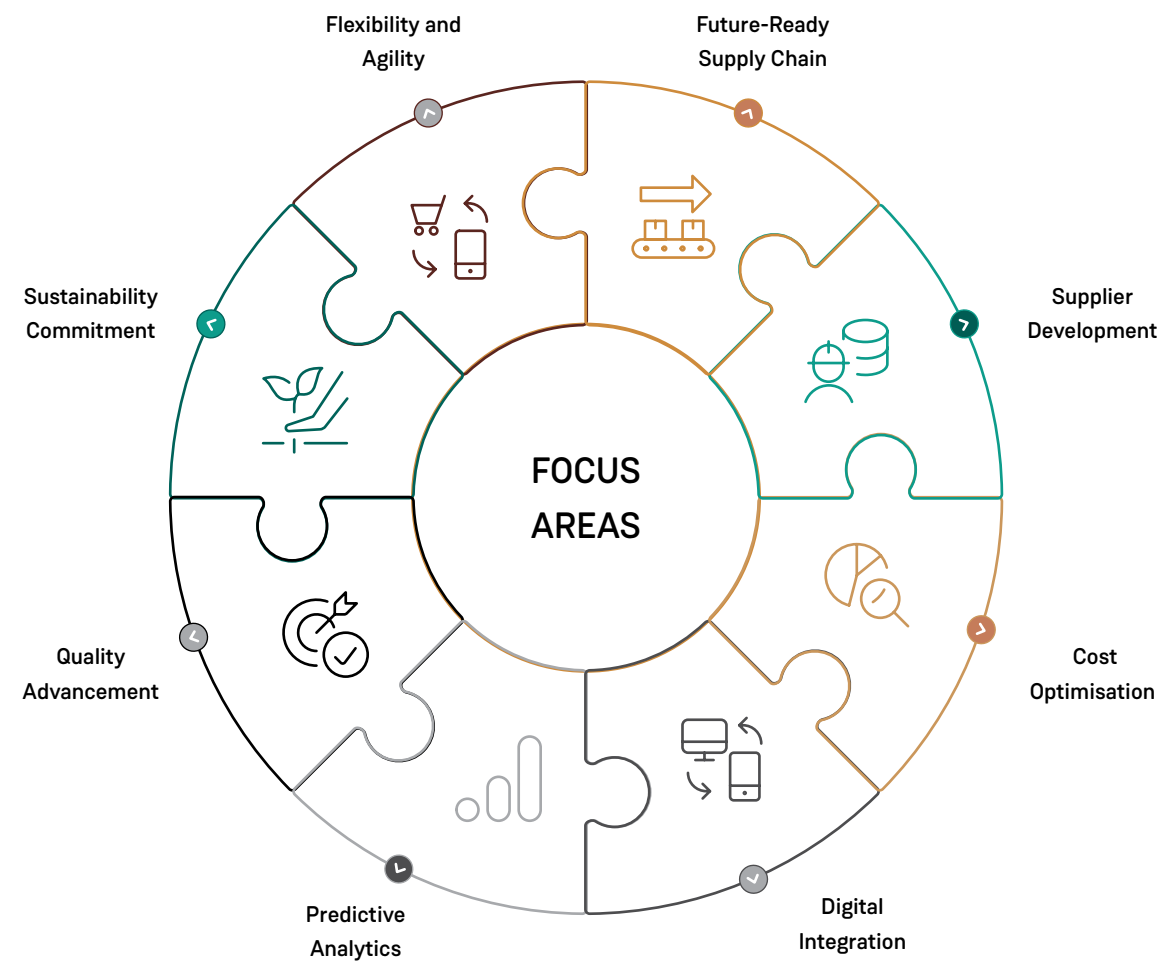
We recognise that a strong and agile supply chain is crucial to ensuring business continuity, maintaining operational excellence and delivering customer satisfaction. Our focus is on building a future-ready supply chain that is digitally connected, resilient, cost-effective and aligned with evolving market needs.

### Five-pronged supply chain strategy



### Highlights

We have strengthened our supply chain by embedding resilience, digital connectivity and innovation across every layer of operations. Our strategy ensures continuity and efficiency while aligning with emerging technologies, sustainability objectives and evolving customer demands. By focusing on supplier development, digital integration, predictive analytics and quality enhancement, we continue to build a future-ready value chain that supports long-term business growth and operational agility.





## 4: Empower

### Empowering Potential: Cultivating a Future- Ready Workforce

**Our people are the true catalysts of our growth journey. To empower and engage our workforce, we offer a wide range of training and development opportunities that enhance their skills and unlock new pathways for future advancement. We remain dedicated to maintaining a safe workplace and creating an environment that supports the growth and development of tomorrow's leaders.**

#### SDGs impacted



#### Perspective of the Leadership



At KOEL, we prioritise the overall employee experience with the aim of becoming an employer of choice. We maintain a healthy balance between seasoned business leaders and next-generation talent, empowering our teams to make informed business decisions. Our focus remains on upskilling our workforce by providing access to the latest technologies and management tools.



**George Verghese**  
CHRO



## Talent management

We recognise that the strength of our organisation lies in the capabilities, passion and commitment of our people. Our talent management approach is guided by a clear three-part framework

## ATTRACT, RETAIN and NURTURE

### ATTRACT

To strengthen our future talent pipeline, we continue to focus on structured campus hiring and internship programmes. We hired graduate and postgraduate trainees, as well as management interns, across multiple disciplines, including sales, supply chain, IT, strategy, human resources, finance and R&D. By assessing talent early through internships and transitioning high performers into permanent roles, we ensure that capable talent is embedded into the organisation's long-term growth plans.



**~70 interns**

Hired across technical and management streams

### RETAIN

We understand that retaining skilled employees is vital to sustaining business performance. To strengthen retention, we use robust benchmarking practices that ensure fair and competitive rewards.

We also encourage professional mobility through job rotations and internal job postings, helping employees grow and avoiding stagnation in their roles. Flexible work arrangements promote work-life balance, while structured reward and recognition programmes celebrate outstanding contributions. Additionally, retention grants were introduced this year to ring-fence key junior and mid-level management talent, ensuring stability in critical roles.



**78 graduate and postgraduate trainees**

Transitioned to full-time roles across key functions

### NURTURE

We place a strong emphasis on creating growth pathways for our employees through internal job movements, allowing them to gain valuable, cross-functional experiences, with nearly half involving cross-business-unit moves. We also launched two targeted development programmes, Ascent and Katalyst, designed to build technical expertise, leadership competencies and long-term capability among our manufacturing, aftermarket, sales and service teams.



**24%**

Positions closed through internal job rotations

## Learning and development

We believe that meaningful learning starts the moment a new employee joins us. To ensure smooth onboarding, every new employee participates in our **New Hire Integration** programme. This initiative provides a complete introduction to KOEL's vision, mission and values, alongside an overview of all business units and functions.

### Succession planning

We have established a structured and formal succession planning process to ensure a strong and future-ready leadership pipeline. All business partners and functional heads participate in comprehensive training programmes designed to align them with the expectations of leadership roles.

Through close collaboration between the HR head and the respective Business Unit head, potential successors are identified across various units. Final successor selections are made with input from top management, followed by the creation of detailed, personalised development plans to prepare each candidate for future leadership responsibilities.

### Expanding the Learning Ecosystem

While we continue to leverage, our in-house online learning platform, for ongoing upskilling, we recognise that some topics, such as the Code of Conduct, benefit from face-to-face interaction for maximum impact. To enhance our learning offerings, we are actively working on partnerships with external platforms, including LinkedIn Learning, to expand access to diverse, high-quality development resources for employees across the organisation.



**20,108**

Total man-hours of training

**58**

Training sessions conducted

**1.6 crore**

Investment in learning and development

## Nurturing Future Leaders at Kirloskar Institute of Management (KIM)

Our collaboration with the executive development wing, KIM, helps to strengthen the leadership skills of employees. Targeted programmes, in collaboration with educational institutions help to drive professional development initiatives across the organisation.

### Diversity and inclusion

We aim to creating a workplace where every member of the team feels empowered, valued and safe. Beyond ensuring diverse representation in our team, we encourage diverse thinking and innovation across the organisation.

## Ensuring Fairness through Policy and Representation

We have formalised our approach by introducing the Equal Employment Opportunity (EEO) policy, ensuring fairness and equal treatment throughout the hiring process. Focused efforts at the senior and mid-management levels have helped strengthen female representation, complemented by campus hiring programmes aimed at increasing the intake of women in early-career roles.



**42%**

Campus hires were women

**7%**

Female representation in managerial positions

**6%**

Overall female representation



## Encouraging Innovation through Employee Inclusion

We believe that diversity brings fresh ideas and new solutions. Through the **Limitless Labs** initiative, employees from across the organisation are invited to participate in ideation workshops. These sessions help capture, evaluate and implement employee suggestions to improve productivity, reduce costs and enhance internal processes and initiatives.

## Employee safety and well being

Ensuring the safety, health and well-being of our workforce is a top priority. We have adopted a range of initiatives designed to maintain a secure and healthy work environment, covering both routine and non-routine activities to reduce risks and address potential hazards. Regular health check-ups are organised to monitor employee well-being and support a healthier workforce.

## Implementing Safety at Every Step

We have implemented several programmes to strengthen workplace safety, including awareness campaigns, training sessions and mock drills. Employees receive hands-on training on topics such as the use of fire hydrants, smoke detection systems and the importance of Personal Protective Equipment (PPE). Additional sessions cover fire-fighting, defensive driving and emergency preparedness, ensuring teams are well-prepared to handle unexpected situations. Virtual demonstrations and live simulations are arranged during Safety Week, while mock drills test readiness for scenarios such as fires, cardiac events, hazardous leaks, or equipment emergencies. The presence of on-the-job protocols for specialised equipment, such as EOT cranes, highlight the importance of safe operating practices, material handling and access to essential safety tools.



40

Mock drills organised

## Employee Well-being

To promote health and wellness, we organise a variety of initiatives, including first-aid training, eye check-ups, cardiac screening camps and health awareness sessions on conditions such as GERD, spinal health, blood pressure management and diabetes care. Activities such as Yoga Day also encourage physical and mental well-being. These programmes help maintain a healthy, energised workforce equipped to meet both professional and personal demands.



20

Health camps organised

## Human rights

We have strong policies in place to uphold the dignity and fairness of every employee. Our Code of Conduct, Whistleblower Policy, Prevention of Sexual Harassment (POSH) framework and Equal Employment Opportunity guidelines provide a clear foundation for ethical behavior and workplace respect.

An Ethics Committee, led by senior leadership, oversees the Ethics Complaint Portal, ensuring all employees have a safe channel to report concerns or raise complaints.

All reports are carefully investigated and outcomes are reviewed by the Ethics Committee for fair and transparent resolution.

An Internal Complaints Committee addresses all POSH-related cases, reinforcing our commitment to a safe, respectful and inclusive workplace. Senior leaders regularly highlight the importance of these principles during Company-wide and business unit townhalls, reminding employees of the various channels available to report any violations.

406 employees

Completed Code of Conduct training

## Strengthening Trust, Celebrating Partnership 11th Wage Settlement – March 2025



In March 2025, we reaffirmed our belief that when a team becomes the heart of an organisation, trust becomes the foundation of its success. By completing the 11th wage settlement ahead of schedule, we demonstrated our continued commitment to fostering a workplace that values its people and supports industrial progress.

The signing ceremony, held in the presence of senior leadership, reflected the spirit of collaboration and mutual respect between the management and workforce. This achievement marked not just the conclusion of a negotiation but the beginning of a renewed partnership—anchored in shared values and a collective vision.

Having paved the way for deeper engagement and stronger bonds, we moved forward with greater unity—toward a limitless future, together.



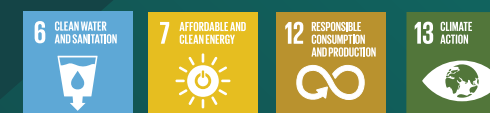


## 5: Sustain

### Sustaining the Future: Leading with Environmental Responsibility

**We embrace eco-conscious practices to strengthen the foundation for a caring, prosperous and sustainable future. We remain committed to controlling emissions, conserving water, managing waste, promoting afforestation and protecting local flora and fauna to help build a greener tomorrow.**

#### SDGs impacted



#### Perspective of the Leadership



At KOEL, our sustainability efforts are built on four core pillars — energy conservation, emission reduction, waste reduction and recycling and water conservation — along with innovative environmental practices. These initiatives are designed to promote sustainable business operations, while maintaining a balanced approach that reduces our carbon footprint and supports biodiversity.

**Atul Kirloskar**  
Chairman, KOEL





### Smart Energy Monitoring

We have strengthened monitoring by deploying IoT-enabled systems, energy-efficient compressors and SCADA-based solutions. This has enhanced our ability to forecast, schedule and regulate energy production while supporting fault detection and preventive maintenance activities.

#### Key highlights

- Installed a **2.4 MWp** captive solar plant (adding to an existing 5.5 MWp base)
- Installed **40 kWp** solar capacity at vehicle charging stations
- Installed **30 kWp** micro wind turbines at select locations
- Achieved **50% renewable energy substitution** for energy needs at Khadki

#### Efforts to Reduce Emissions

We are advancing GHG reduction by conducting Life Cycle Assessments (LCA), implementing cleaner fuels, retrofitting emission control devices and promoting greener supply chain practices. Product innovations such as the Optiprime efficient series, CPCB IV-compliant DG sets and gas-based gensets further contribute to emission reductions.

## 13% reduction

In energy intensity per rupee of turnover (GJ/crore)

## 51% renewable electricity

In total electricity consumption

To maximise renewable capacity, we operate an 8.18 MWp captive solar power plant. We have also optimised energy use in processes such as powder coating by reducing PNG consumption.

## 5% reduction

In total Scope 1 and Scope 2 emission intensity in terms of physical output



### Water management

KOEL has implemented a real-time water monitoring system with 27 water flow meters and live tank level sensors to track consumption from multiple sources. Further, centralized oversight through Bulfro Water Management Solutions ensures 24/7 visibility. In-house weather stations and piezometers further manage rainwater harvesting and groundwater levels efficiently.

## 100%

Treated wastewater reused within facilities

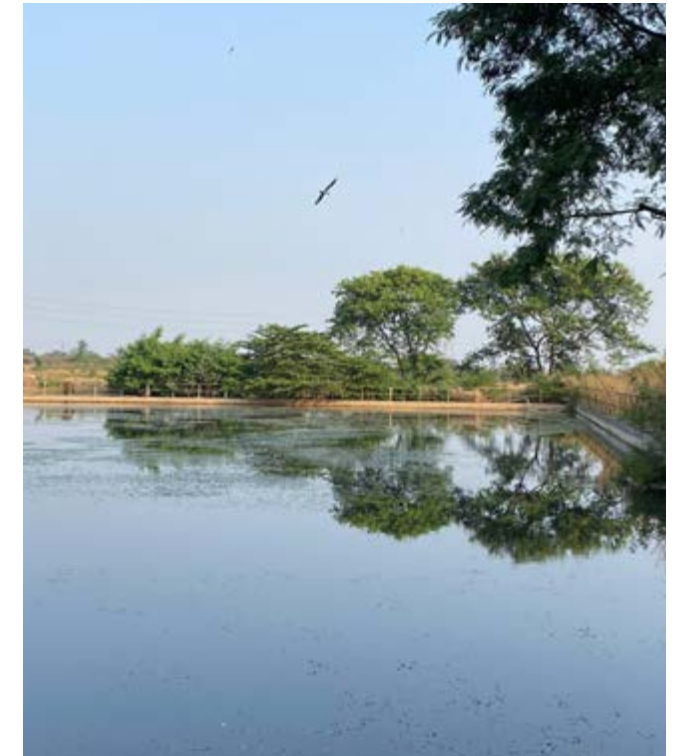
Additional conservation measures include the use of dry cutting machines in machining processes, reuse of air conditioning condensate for coolant preparation and installation of smart urinal O-rings to lower freshwater demand.

### Community Water Conservation Initiatives

KOEL has extended its efforts beyond factory gates to support local water sustainability. In Laxumiwadi village, the Company partnered with the local gram panchayat to build deep continuous contour trenches, medium-sized bandharas and large ponds to facilitate groundwater recharge and create sustainable reserves.

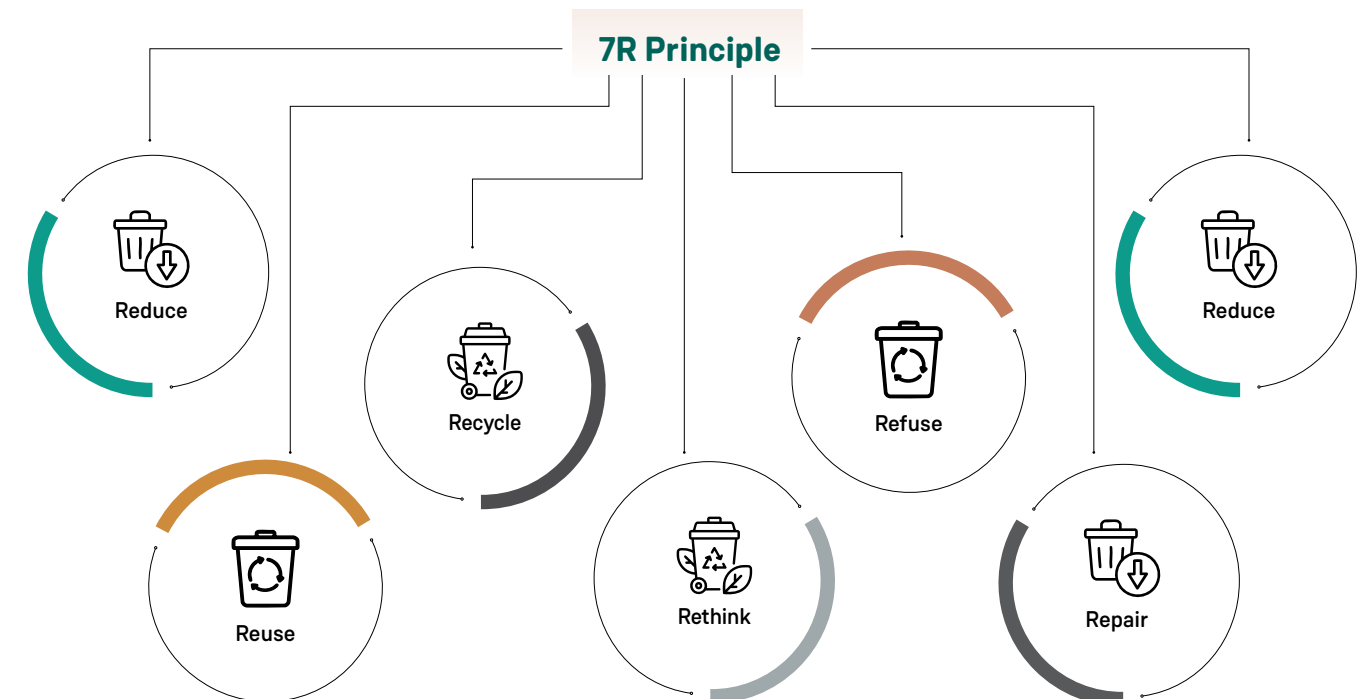
In Kolhapur, KOEL collaborated with Shivaji University to revive the Rajendra Nagar Nala using natural oxidation pond techniques, enhancing water quality and supporting biodiversity.

To further address local water health, KOEL deployed a Jellyfish Robot to remove floating waste from water bodies and organised awareness campaigns on World Environment Day, World Water Day and other occasions, engaging local communities and young people in environmental protection.



### Waste management

We recognise that effective waste management improves environmental outcomes as well as operational and financial performance. Our multi-faceted approach focuses on proactive waste reduction at every stage of our operations.







### Reducing Waste

We apply lean manufacturing practices and process optimisations to reduce the consumption of raw materials, water and energy, preventing waste generation at the source. Digital transformation has helped lower paper waste by shifting documentation, work permits, ISO management, HR applications and utility monitoring to electronic systems.



### Reusing Materials

We have replaced plastic pallets with reusable skids, which are collected from partners and reintegrated into operations. Construction and demolition waste is repurposed for backfilling and paving materials such as bricks and blocks are recovered.



### 100%

Treated wastewater is reused for toilet flushing and irrigation across sites.

Lubrication oil is filtered and reused, reducing reliance on fresh oil inputs and supporting circular resource use.



### Recycling Materials

KOEL operates robust recycling programmes for packaging materials, oil by-products and metal waste, which are processed through authorized vendors. A dedicated plastic-to-fuel plant converts waste plastic into usable fuel. Organic waste is managed through biogas plants, organic converters and vermicomposting to create nutrient-rich manure, while e-waste is securely stored and disposed of.

With the goal of reducing plastic waste, we have installed a plastic-to-fuel conversion plant that processes waste plastic and repurposes the residual material for road construction.

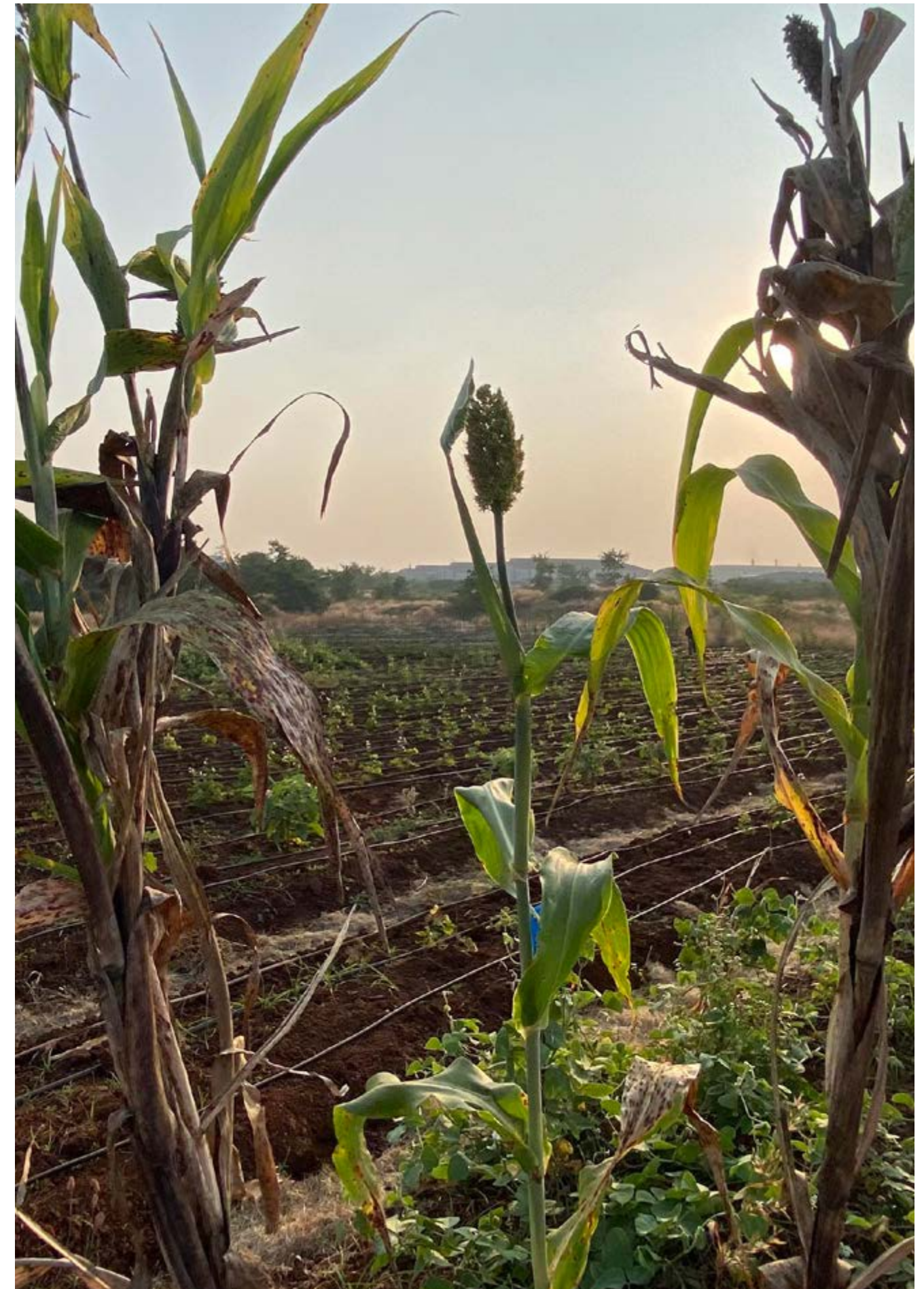


### Managing Hazardous Waste Safely

KOEL closely monitors hazardous waste generation and tracks disposal pathways to ensure proper handling. Oil waste is sent to recyclers and authorised agencies manage specific hazardous categories in line with regulatory requirements, using formal documentation systems. The Company maintains dedicated on-site storage facilities and employs trained personnel for safe waste handling, ensuring compliance with Central Pollution Control Board (CPCB) standards.

### Promoting a Circular Economy

Circular economy practices are embedded across operations, with initiatives that extend material lifecycles, recycle by-products and close resource loops. By capturing by-products like canteen waste for biogas generation and promoting reuse across materials and packaging, KOEL maximises resource efficiency and reduces dependency on virgin inputs.





## 6: Responsible

We believe in creating shared value and strengthening relationships with a diverse range of stakeholders, including communities, customers and investors. By building trust and ensuring reliability, we engage in initiatives that support sustainable livelihoods. Through open communication, proactive collaboration and agile responses, we nurture a harmonious ecosystem, where stakeholder relationships can flourish.

### SDGs impacted



### Perspective of the Leadership



At KOEL, community engagement is at the heart of our values. We are committed to supporting sustainable livelihoods and fostering inclusive growth through initiatives that positively impact the communities we serve. By creating shared value, we aim to contribute meaningfully to the well-being and development of every life we touch.

**Sachin Kejriwal**  
CFO



We believe that business growth must go hand in hand with social progress. Our Corporate Social Responsibility (CSR) approach is deeply embedded in the Company's philosophy, reflecting a long-standing commitment to the betterment and upliftment of society. All our CSR activities align with the Kirloskar Group's ethos and contribute to advancing the United Nations Sustainable Development Goals (SDGs).

Our CSR efforts are structured around four key pillars



## Health

Supporting initiatives that improve healthcare access, awareness and community well-being



## Education

Promoting learning opportunities, skill development and academic support for underserved communities



## Sustainable Livelihood

Enabling income generation and vocational development to strengthen economic self-reliance among local communities



## Environment

Advancing conservation, sustainability and ecological restoration projects to protect natural resources



## Education

KOEL supports a wide range of educational initiatives focused on holistic student development, academic support and skill-building. Through programmes such as Sakav (life skill training and counselling), creative workshops, educational assistance, sports programmes and cultural activities, we aim to empower young learners and nurture their growth both inside and outside the classroom.

**2,854**  
participants

Benefitted from creative workshops

**2,188**  
adolescents

Engaged through Sakav, our life skills and counselling programme



Our creative workshops have increased reading habits and reduced screen time among students. The Sakav programme has been praised by students, parents and teachers for helping adolescents navigate puberty-related challenges, think critically about gender equality and openly discuss personal concerns with trained counsellors.

Additionally, our educational assistance programme enables underprivileged students to pursue college studies, while local sports support has helped wrestlers from Talandage village compete at state and national levels.



## Environment

KOEL promotes environmental awareness and conservation through programmes such as Kirloskar Vasundhara Eco Rangers (KVER), Eco Bazar, workshops, guest lectures and study visits. Our efforts aim to engage schools, colleges and communities in meaningful environmental actions while demonstrating responsible corporate leadership through projects in plantation, waste management and wastewater management.

**1,200**  
participants

Engaged through KVER's green college-clean college competitions

**1,50,000**  
people reached

Through waste management initiatives in Kagal

**2,500**  
individuals benefited

From these community-based water conservation projects

Two major wastewater management projects at Shivaji University and the Agriculture College Research Center in Kolhapur lift approximately six lakh liters of water daily from Jayanti Nala, which is used for plantation and crop cultivation. This initiative helps prevent pollution in the Panchaganga River and supports irrigation on 20-30 acres of farmland.

We have completed three key watershed development projects, including 550 continuous contour trenches in Laxmiwadi, a new water well at Donvadi village and a renovated well at Awalpada, Nashik.



Our partnerships with NGOs have created economic models for waste management, providing additional income for 20 local women waste pickers. Over 2,000 tons of plastic waste have been segregated and recycled across Kagal, Kolhapur and nearby villages, reflecting the growing participation of local communities in waste management and recycling efforts.



## Sustainable Livelihood

KOEL fosters sustainable community development by offering a wide range of need-based training programmes, including backyard poultry, goat farming, tailoring, beauty services, bag making, snack production, organic farming and self-help group (SHG) development. These efforts aim to build income-generating skills, strengthen local livelihoods and enhance economic resilience across rural communities.

permanent drinking water for 200 people; and renovating a well at Awalpada, Nashik, improving drinking water access for 160 residents.

Community members have increasingly embraced kitchen gardening, backyard poultry and organic farming. Several women are now selling their agricultural products in both village and city markets.

**2,348**  
individuals trained

Through livelihood development programmes

We have successfully completed three key watershed development projects: constructing 550 continuous contour trenches in Laxmiwadi to raise underground water levels; excavating a 30x50 ft well at Donvadi village, providing

**150+ rural women**

Currently engaged in small businesses, contributing to local economic activity

Through these women-focused empowerment projects, we have fostered a strong sense of self-reliance, confidence and 'can-do' spirit among rural women strengthening their roles within both households and communities.

# Notice

Notice is hereby given that the 16th Annual General Meeting ("AGM") of the Members of Kirloskar Oil Engines Limited ("the Company") will be held on Thursday, the 7th day of August 2025 at 11.30 AM (IST) through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM") facility, in compliance of provisions of the Companies Act, 2013 ("the Act") and Rules thereof read with the General Circular No. 14/2020 dated 8th April, 2020; the General Circular No. 17/2020 dated 13th April, 2020, the General Circular No. 20/2020 dated 5th May, 2020, the General Circular No. 02/2021 dated 13th January, 2021, the General Circular No. 21/2021 dated 14th December, 2021, the General Circular No. 2/2022 dated 5th May, 2022, the General Circular No. 10/2022 dated 28th December, 2022, the General Circular No. 09/2023 dated 25th September, 2023 and the General Circular No. 09/2024 dated 19th September, 2024, issued by the Ministry of Corporate Affairs (herein after referred as "Circulars") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (hereinafter referred as SEBI Listing Regulations, 2015) read with the SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15th January, 2021 and SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13th May, 2022, SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated 5th January, 2023, SEBI Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2024/133 dated 3rd October, 2024 and SEBI Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/0155 dated 11th November, 2024, to transact the businesses as mentioned below:

## ORDINARY BUSINESS

### ITEM NO.1

To receive, consider and adopt:

- the Audited Standalone Financial Statements of the Company for the Financial Year ended 31st March, 2025, together with the Reports of the Board of Directors and the Auditors' thereon; and
- the Audited Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2025 and the Report of the Auditors thereon.

### ITEM NO.2

To declare final dividend of ₹4/- per equity share (200%) and to confirm the Interim Dividend of ₹2.50/- per equity share (125%) already paid during the year for the Financial Year ended 31st March, 2025.

### ITEM NO.3

To appoint a Director in place of Mr. Vinesh Kumar Jairath (DIN: 00391684) 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 an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder (including any statutory amendment,

modification(s) or re-enactment thereof, for the time being in force) and based on the recommendation of the Audit Committee, the remuneration of ₹ 8,75,000/- p.a. (Rupees Eight Lakhs Seventy Five Thousand only) plus applicable taxes thereon, other certification charges and the reimbursement of out of pocket expenses on actual basis as approved by the Board of Directors of the Company, payable to M/s. Parkhi Limaye and Co., Cost Accountants, (Firm Registration No. 191) for conducting the audit of the Cost records maintained by the Company for the financial year ended 31st March, 2026, be and is hereby ratified and confirmed."

### ITEM NO. 5

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

"RESOLVED THAT pursuant to the provisions of Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereunder and Section 204 of the Companies Act, 2013 and Rules thereunder, including amendments thereof and based on the recommendation of the Audit Committee and Board of Directors, M. J. Risbud & Co., Practicing Company Secretaries, a Peer Reviewed proprietorship firm of Mr. M. J. Risbud, FCS - 810, CP - 185 and Unique Identification No. (UIN) - S1981MH000400, Peer Review Certificate No. 1089/2021 dated 9 February, 2021, valid for 5 years, be and is hereby appointed as the Secretarial Auditors of the Company, to hold office for a period of 5 (five) consecutive years commencing from the conclusion of 16th Annual General Meeting till the conclusion of the 21st Annual General Meeting of the Company, who shall conduct Secretarial Audit of the Company from and including the Financial Year ended 31st March, 2026 to the financial Year ended 31st March, 2030 on a professional fees of ₹ 4,50,000/- plus tax, as applicable and reimbursement of expenses on travelling, lodging and boarding on outstation visits (if required) will be extra, for FY 2025-26 and the Board of Directors of the Company be and are hereby authorized to decide Secretarial Audit fees as they may deem fit for the remaining tenure of their appointment.

RESOLVED FURTHER THAT to give effect to above resolution, the Board of Directors of the Company be and is hereby authorised for and on behalf of the Company to take all necessary steps and to do all such acts, deeds, matters and things which may deem necessary in this behalf."

### ITEM NO. 6

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

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Articles of Association of the Company and subject to such other approvals as may be necessary and based on the recommendations of Nomination and Remuneration Committee and Board of Directors, Ms. Gauri Kirloskar (DIN: 03366274), be and is hereby re-appointed as a Whole-Time Director with the designation as the Managing Director of the Company to hold office for a period of 3 (three) years commencing from 20th May, 2025, upon the terms and conditions as set out in the agreement



to be entered into between the Company and Ms. Gauri Kirloskar (DIN: 03366274), on the remuneration and other terms, set out below:

### BASIC SALARY:

₹ 7,74,141/- (Rupees Seven Lakhs Seventy Four Thousand One Hundred and Forty One only) per month.

### PERQUISITES:

In addition to the aforesaid salary, Ms. Gauri Kirloskar as the Managing Director shall be entitled to the following perquisites:

- a) In lieu of fully furnished residential accommodation, house rent allowance of ₹ 1,50,000/- (Rupees One Lakh Fifty Thousand only) per month be paid. Additional expenses on furnishings upto ₹ 15,000/- (Rupees Fifteen Thousand only) per month, gas, electricity, water and other utilities and repairs shall be borne by the Company at actuals.
- b) Reimbursement of all medical expenses incurred for self and family.
- c) Leave travel assistance for self and family upto the limit of ₹ 2,50,000/- (Rupees Two Lacs Fifty Thousand only) per annum.
- d) Fees of clubs, subject to a maximum of two clubs, which will include admission fee but will not include life membership fees.
- e) Personal accident insurance, premium whereof does not exceed ₹ 25,000/- (Rupees Twenty Five Thousand only) per annum.
- f) A car with driver.
- g) Telephone, fax and other communication facilities at residence.
- h) Contribution to provident fund, superannuation fund or annuity fund and National Pension scheme to the extent these either singly or put together shall not exceed 27% of basic salary.
- i) Gratuity at the rate of 30 days' salary for each completed year of service as Managing Director.
- j) Leave at the rate of one month for every eleven months of service. Leave not availed may be encashed at the end of the tenure.
- k) Education Allowance for the education of her Children as per Company's Rules.

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

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

### COMMISSION:

Commission shall be decided by the Board of Directors based on criteria as defined under Nomination and Remuneration Policy and on the net profits of the Company each year subject to the condition that the aggregate remuneration of the Managing Director shall not exceed the limit laid down under Section 197 including rules made thereunder read with Schedule V of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereunder.

### MINIMUM REMUNERATION:

In the event of loss or inadequacy of profits in any financial year during the currency of her tenure as the Managing Director, remuneration by way of salary, perquisites and other allowances shall be in accordance with the ceiling prescribed in Schedule V to the Companies Act, 2013 or any statutory modification thereof.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to consider and revise the remuneration payable to Ms. Gauri Kirloskar during her 3 (three) years' term of re-appointment as the Managing Director, subject to the ceiling laid down in Section 197 including Rules made thereunder and Schedule V of the Companies Act, 2013, including amendments thereof 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 no sitting fees shall be payable to Ms. Gauri Kirloskar (DIN: 03366274) during her tenure as the Managing Director.

RESOLVED FURTHER THAT Ms. Gauri Kirloskar shall be non-retiring director."

### 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 Regulation 24 and other applicable regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder and applicable provisions of the Companies Act, 2013 read with the Rules made thereunder, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and subject to such other approvals/consents, as may be required, the consent of the Members be and is hereby accorded to the Board of Directors of the Company and Arka Fincap Limited ("AFL" - a step-down material subsidiary company) for sell/disposal/transfer/assignment/securitisation of assets including, present and/or future loan receivables/book, book debts and investments of AFL exceeding 20% of the assets of AFL, in one or more tranches during any Financial Year but not exceeding ₹ 3,000 Crores in any Financial Year.

RESOLVED FURTHER THAT the Managing Director and Chief Financial Officer of the Company and the Board of Directors of AFL be and are hereby authorized to do and perform all such acts, deeds, matters and things as may be required or deemed necessary or incidental thereto, and to settle, approve, ratify and finalise all issues that may arise in this regard, without further referring to and/or requiring any further consent from the Members of the Company, including without limitation, finalising and executing any agreements, writings, papers, deeds of assignment/ conveyance, undertaking and/ or such other document(s) as may be necessary or expedient in their own discretion and to delegate all or any of the powers or authorities herein conferred to any Director(s) or other official(s) of the Company, or to engage any advisor, consultant, agent or intermediary, as may be deemed necessary and to do all necessary and incidental acts to give effect to this resolution."

By Order of the Board of Directors

Sd/-

**Farah Irani**

Place: Pune

Date: 14th May, 2025

Company Secretary & Compliance Officer

## NOTES

- Pursuant to the General Circular No. 14/2020 dated 8th April, 2020, the General Circular No. 17/2020 dated 13th April, 2020, the General Circular No. 20/2020 dated 5th May, 2020, the General Circular No. 02/2021 dated 13th January, 2021, the General Circular No. 21/2021 dated 14th December, 2021, the General Circular No. 2/2022 dated 5th May, 2022, the General Circular No. 10/2022 dated 28th December, 2022, the General Circular No. 09/2023 dated 25th September, 2023 and the General Circular No. 09/2024 dated 19th September, 2024, issued by Ministry of Corporate Affairs and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15th January, 2021 and SEBI/HO/CFD/CMD 2/CIR/P/2022/ 62 dated 13th May, 2022, SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated 5th January, 2023, SEBI/HO/CFD/CFD-PoD-2/P/CIR/2024/133 dated 3rd October, 2024 and SEBI Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/0155 dated 11th November, 2024 issued by the Securities and Exchange Board of India (SEBI) (herein after referred as "Circulars") prescribing the procedures and manner of conducting the Annual General Meeting through VC/OAVM. In terms of the said Circulars, the 16th Annual General Meeting (AGM) of the members of the Company will be held through VC/OAVM only.

For detailed procedure for participating in the AGM through VC/OAVM please refer point no. 26 below.

- Since this AGM is being held pursuant to the Circulars through VC / OAVM, 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.

**Only a member of the Company will be entitled to attend and vote at the Annual General Meeting of the Company which will be held through VC or OAVM and no member will be entitled to appoint a proxy to attend and vote instead of himself/herself.**

- Corporate Member(s) intending to appoint their authorized representative(s) to attend the Annual General Meeting (AGM) through VC/OAVM are requested to send a duly certified copy of their Board Resolution authorizing their representatives to attend and vote at the AGM, pursuant to Section 113 of the Companies Act, 2013 and Rules thereof including amendments thereunder, to the Scrutinizer by e-mail at [csmsp.office@gmail.com](mailto:csmsp.office@gmail.com) with a copy marked to [evoting@nsdl.com](mailto:evoting@nsdl.com)
- The facility for participation at the AGM through VC/OAVM is limited and on first come first serve basis. The same shall open 15 minutes before the time scheduled for the AGM and closed after 15 minutes from scheduled time for AGM. However, the participation of members 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 is not restricted on account of first come first serve basis.

- 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 Companies Act, 2013 and Rules thereunder, including amendments thereof.
- The statement pursuant to Section 102 of the Companies Act, 2013 and Rules thereof, including amendments thereunder relating to the special business to be transacted at the meeting is annexed hereto.
- Details pursuant to SEBI Listing Regulations, 2015, including amendments thereunder, in respect of Directors seeking re-appointment at Annual General Meeting forms part of this Notice.
- The Register of Members and Share Transfer Books of the Company will remain closed from 1st August, 2025, Friday to 7th August, 2025, Thursday (both days inclusive) for the purpose of AGM and final dividend, if any.
- The dividend, if declared at the AGM, will be paid to those members:
  - whose name appear as Beneficial Owners as at the end of the business hours on (i.e. cut off date / record date), 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
  - whose name appear as Members in the Register of Members of the Company after giving effect to valid share transmissions / deletion of names in physical form lodged with the Company / its Registrar and Share Transfer Agent on or before (i.e. cut off date / record date).

Kindly note that the above payment will be made considering the FAQs published by SEBI on its website which can be viewed at the following link: [https://www.sebi.gov.in/sebi\\_data/faqfiles/sep-2024/1727418250017.pdf](https://www.sebi.gov.in/sebi_data/faqfiles/sep-2024/1727418250017.pdf) SEBI vide its Circular No. SEBI / HO / MIRSD / MIRSD\_RTAMB/ P / CIR / 2021 / 655 dated 3rd November, 2021 (subsequently amended by Circular Nos. SEBI / HO / MIRSD / MIRSD\_RTAMB/ CIR / 2021 / 687 dated 14th December, 2021, SEBI / HO / MIRSD/ MIRSD - PoD-1 / P / CIR / 2023 / 27 dated 16th March, 2023 and SEBI / HO / MIRSD / MIRSD - PoD -1 / P / CIR / 2023 / 181 dated 17th November, 2023 have mandated that with effect from 1st April, 2024, dividend to security holders (holding securities in physical form) shall be paid only through the electronic mode. Such payment shall be made only after furnishing the PAN, choice of nomination and contact details, including mobile number, bank account details and specimen signature.

- 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 email address viz. [investors@kirloskar.com](mailto:investors@kirloskar.com) at least 7 days in advance of the date of this meeting so that the information can be made available at the time of this meeting.



11. Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013 and Rules thereunder, including amendments thereof, any money transferred to the unpaid dividend account, which remains unpaid or unclaimed for a period of 7 years from the date of such transfer is required to be transferred to the 'Investor Education and Protection Fund (IEPF)'.

Pursuant to the provisions of IEPF (Accounting, Audit, Transfer and Refund) Rules, 2016 and its amendments thereon, all shares in respect of which the dividend has not been paid or claimed for 7 consecutive years or more, are required to be transferred to IEPF.

Accordingly, the unpaid / unclaimed dividend for the years 2009-10, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17 and (interim dividend) 2017-18 along with equity shares has been transferred to the said Fund, after following the prescribed procedure.

Members are requested to send their claims to the Company/ R & T Agent, if any, before the amount becomes due for transfer to the above Fund. Members are requested to encash the dividend warrants immediately on their receipt by them.

The details of unclaimed and unpaid amount of Dividend are available on the Company's website viz. [www.kirloskaroilengines.com](http://www.kirloskaroilengines.com).

Members(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 SEBI Listing Regulation, 2015, including amendments thereunder 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, its address, account number, 9 digit MICR code, IFSC code and type of account i.e. Savings or Current or Cash Credit etc. to MUFG Intime India Private Limited, (Formerly known as Link Intime India Private Limited) 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. 020-26161629/46014473).

Members holding shares in dematerialized 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 demand draft to ensure safety.

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

13. The payment of Interim Dividend for FY 2024-25, as declared by the Board of Directors of the Company in its meeting held on 11th February, 2025 was processed on 7th March, 2025 for the members of the Company (holding equity shares as on 21st February, 2025, the Record Date fixed for the purpose of said Interim Dividend) through National Electronic Clearing System (NECS) or any other electronic mode or demand drafts as the case may be.

The aforesaid interim dividend was paid after deducting the TDS at the applicable tax rate.

14. In terms of the provisions of the Income-tax Act, 1961, ("the IT Act") as amended by the Finance Act, 2020, dividend paid or distributed by a Company on or after 1st April, 2020 shall be taxable in the hands of the shareholders. Therefore, the Company shall be required to deduct tax at source ("TDS") at the time of payment of dividend at the applicable tax rates.

Tax rate applicable to a shareholder depends upon residential status and classification as per the provisions of the IT Act. All shareholders are thereby requested to update any change in residential status and/or category with depository participants (in case of shares held in electronic form) or with the R & T Agent, i.e. MUFG Intime India Private Limited (Formerly known as Link Intime India Private Limited) (in case of shares held in physical form).

For the prescribed amended rates for various categories, the shareholders are requested to refer to the Finance Act, 2025.

In this regard, the Company has availed the facility for online submission of Tax Exemption forms online from R & T Agent, MUFG Intime India Private Limited (Formerly known as Link Intime India Private Limited) wherein the shareholders can submit their tax-exemption forms along with other required documents.

The requisite form for claiming tax exemption can be downloaded from R & T Agent's website at web link <https://web.in.mpms.mufg.com/client-downloads.html> under the General Tab. All the forms are available under the head "Form 15G/15H/10F".

The aforementioned documents duly completed and signed are required to be uploaded on the URL <https://web.in.mpms.mufg.com/formsreg/submission-of-form-15g-15h.html> by selecting the Company Name – Kirloskar Oil Engines Limited and following the process as guided therein.

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 MUFG Intime India Private Limited (Formerly known as Link Intime India Private Limited) should be done 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.

**15. 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 dematerialized form) or to the Company / R & T Agent (in case of shares held in physical form).

16. Members are requested to immediately notify the R & T Agent (DP in case of shares held in dematerialized form) of any change in their correspondence address or email address.

**17. Dematerialization of Shares**

Trading in the shares of the Company can be done in dematerialized form only. Members are requested to avail the facility of Dematerialization by opening Depository accounts with the DPs of either National Securities Depository Limited or Central Depository Services (India) Limited and get the equity share certificates held by them dematerialize to ensure safe and speedy transaction in securities.

18. SEBI has amended relevant provisions of SEBI Listing Regulations, 2015, including amendments thereunder, to disallow listed companies from accepting request for transfer of securities which are held in physical form, with effect from 1st 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 shares with Company / its R & T Agent for further transfer. They will need to convert them to demat form compulsorily if they wish to effect any transfer.

In addition to above, pursuant to SEBI Circular no. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 dated 25th January, 2022 regarding 'Issuance of Securities in dematerialized form' which is effective from 25th January, 2022, in case of Investor Service Requests viz. Issue of duplicate securities certificate, Claim from Unclaimed Suspense Account, Renewal / Exchange of securities certificate, Endorsement, Sub-division / Splitting of securities certificate, Consolidation of securities certificates/folios, Transmission, Transposition, the listed companies shall issue the securities in dematerialized form only. Accordingly, the Company has processed the aforementioned requests by issuance of Letter of Confirmation to the shareholders, for converting their shares to demat form.

19. 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 Depository Participant and holdings should be verified.
20. Members having multiple folios are requested to intimate to the Company / R & T Agent such folios, to consolidate all shareholdings into one folio.

**21. Updation of KYC Documents, Nomination, Register E-mail Address and Bank account details etc.**

To support Green Initiative, Members are requested to register their e-mail addresses with R & T Agent viz. MUFG Intime India Private Limited (Formerly known as Link Intime India Private Limited) in case of holding of shares in physical form and with concerned DPs in case of shares held in dematerialized 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. As per SEBI Circular No. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated 7th May, 2024, it mandates all the listed Companies to record the PAN, Nomination, KYC details of all the shareholders and Bank Account details of first holder. In view of the aforesaid, we request you to submit the requisite Investor Service Request Form(s) along with required supporting documents as stated therein at the earliest. The relevant formats for Nomination and Updation of KYC details viz. Forms ISR -1, ISR-2, ISR-3, SH-13, SH-14 and SEBI circular are available on the R & T Agent's website <https://web.in.mpms.mufg.com/KYC-downloads.html> and on the website of the Company at <https://www.kirloskaroilengines.com/investors/for-share-holders/forms>. The members of the Company holding shares in dematerialized form and who have not registered their bank details or registered their e-mail address (es), can get the same registered with their respective Depository Participants by following the procedure prescribed by them.

22. In compliance with the aforesaid MCA Circulars and SEBI Circular dated 12th May, 2020, 15th January, 2021, 13th May, 2022, 5th January, 2023, 3rd October, 2024 and 11th November, 2024 Notice of the AGM along with the Annual Report 2024-25, is being sent only through electronic mode to those Members whose email addresses are registered with the Company / Depositories.

A letter providing the web link for accessing the Annual Report, including the exact path, will be sent to those members who have not registered their email address with the Company.

Members may note that the Notice and Annual Report 2024-25 will also be available on the Company's website [www.kirloskaroilengines.com](http://www.kirloskaroilengines.com), on the websites of Stock Exchanges, i.e., BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com), respectively, and on the website of NSDL <https://www.evoting.nsdl.com>.

**23. Inspection Documents:**

Electronic copy of relevant documents referred to in the Notice and Explanatory Statement will be made available through email for inspection by the Members. A Member is requested to send an email to [investors@kirloskar.com](mailto:investors@kirloskar.com) for the same.



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

24. Since the AGM will be held through VC in accordance with the Circulars, the route map, proxy form and attendance slip are not attached to this Notice.
25. National Securities Depositories Limited (NSDL) will be providing facility for voting through remote e-Voting, for participation in this AGM through VC / OAVM facility and e-Voting during this AGM.
26. Instructions for e-voting and procedure for joining the AGM through VC/OAVM

#### A. Voting through electronic means (Remote e-voting / e- voting on the date of AGM)

- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and as amended from time to time, Regulation 44 of SEBI Listing Regulations, 2015, including amendments thereunder and Secretarial Standard on General Meetings (SS2) issued by the Institute of Company Secretaries of India, including amendments thereunder and the circulars issued by the Ministry of Corporate Affairs viz., Circular No. 14/2020 dated 8th April, 2020, Circular No. 17/2020 dated 13th April, 2020, Circular No. 20/2020 dated 5th May, 2020, Circular No. 02/2021 dated 13th January, 2021, Circular No. 21/2021 dated 14th December, 2021 and Circular No. 2/2022 dated 5th May, 2022, Circular No. 10/2022 dated 28th December, 2022, Circular No. 09/2023 dated 25th September, 2023 and the General Circular No. 09/2024 dated 19th September, 2024 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the 16th Annual General Meeting.

For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as 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 commences on **4th August, 2025 (9:00 am) (IST) and ends on 6th August, 2025 (5:00 pm) (IST)**. During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of **31st July, 2025**, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

- A. Member whose email IDs are registered with the Company/ R & T Agent viz., MUFG Intime India Private Limited (Formerly known as Link Intime India Private Limited) / Depository Participant(s) will receive an email from NSDL. Once the Members receive the email, he or 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 SEBI circular No. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated 9th December, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

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

| Type of shareholders                                                | Login Method                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
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| Individual Shareholders holding securities in demat mode with NSDL. | <ol style="list-style-type: none"> <li>If you are already registered for <b>NSDL IDeAS facility</b>, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com/">https://eservices.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the <b>“Beneficial Owner”</b> icon under “Login” which is available under <b>“IDeAS”</b> 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 under value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or <b>e-Voting service provider – NSDL</b> 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 &amp; voting during the meeting.</li> <li>If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select <b>“Register Online for IDeAS”</b> Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> 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 &amp; voting during the meeting.</li> <li>Shareholders/Members can also download NSDL Mobile App <b>“NSDL Speede”</b> facility by scanning the QR code mentioned below for seamless voting experience.</li> </ol> <p><b>NSDL Mobile App is available on</b></p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>App Store</p>  </div> <div style="text-align: center;">  <p>Google Play</p>  </div> </div> |
| Individual Shareholders holding securities in demat mode with CDSL  | <ol style="list-style-type: none"> <li>Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login icon &amp; New System Myeasi Tab and then use your existing my easi username and password.</li> <li>After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there are also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers’ website directly.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login &amp; New System Myeasi Tab and then click on registration option.</li> <li>Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be able to see the e-Voting option where the e-voting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |



| Type of shareholders                                                                                   | Login Method                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|--------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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 <b>e-Voting service provider-NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |

**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.

| 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 <a href="mailto:evoting@nsdl.com">evoting@nsdl.com</a> or call at 022 - 4886 7000                                             |
| 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 <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800-21-09911. |

**B. Login Method for e-voting and joining the 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?**

- 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, your Password/OTP and a Verification Code as shown on the screen.  

- Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
- 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<br><br>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<br><br>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<br><br>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](http://www.evoting.nsdl.com).
  - b) **Physical User Reset Password?"** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://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.com](mailto:evoting@nsdl.com) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

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

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

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.



### Process for those shareholders whose email IDs are not registered with the Company / R & T Agent / Depository Participants(s) and for procuring user id and password and registration of e-mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [investors@kirloskar.com](mailto:investors@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, 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 [investors@kirloskar.com](mailto:investors@kirloskar.com). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
3. Alternatively member may send an e-mail request to [evoting@nsdl.com](mailto:evoting@nsdl.com) for obtaining User ID and Password by providing the details mentioned in Point (1) or (2) as the case may be.
4. Please follow all steps from Sr. No. III (A) above, to cast vote.
5. In terms of SEBI circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9th December, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders



holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

#### General Guidelines for shareholders

- a) 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 authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail at [csmsp.office@gmail.com](mailto:csmsp.office@gmail.com) with a copy marked to [evoting@nsdl.com](mailto:evoting@nsdl.com). 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.
- b) 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](http://www.evoting.nsdl.com) to reset the password.
- c) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for members who need assistance before or during the AGM and remote e-voting user manual for members available on the website [www.evoting.nsdl.com](http://www.evoting.nsdl.com) under the 'Downloads section'. You can also contact Ms. Pallavi Mhatre, Senior Manager via e-mail at [evoting@nsdl.com](mailto:evoting@nsdl.com) or call on toll free no. 022 - 4886 7000.

#### IV. THE 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/shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
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 any Member casts the vote through e-voting to be 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.

#### V. 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.

Facility of joining the AGM through VC / OAVM shall open 15 minutes before the time scheduled for the AGM and closed after 15 minutes from scheduled time for AGM (except for the members holding more than 2%).

5. Members who need assistance before or during the AGM, can contact NSDL on [evoting@nsdl.com](mailto:evoting@nsdl.com) or contact Ms. Pallavi Mhatre, Senior Manager – NSDL or call on toll free no. 1800 1020 990 and 1800 22 44 30.
6. Members who would like to express their views/ask questions during the AGM may register themselves as a speaker and may send their request mentioning their name, demat account number/folio number, email id, mobile number at email address viz., [investors@kirloskar.com](mailto:investors@kirloskar.com) at least 4 days before date of the meeting. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM.

For smooth conduct of proceedings of the AGM, Members may note that the Company reserves the right to restrict number of questions and speakers during the AGM depending upon availability of time.

27. 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).
28. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on **31st July, 2025**.
29. Any person, holding shares in physical form and non-individual shareholders who acquires shares of the Company and becomes member of the Company after the notice is send through e-mail and holding shares as of the cut-off date i.e. **31st July, 2025**, may obtain the login ID and password by sending a request at [evoting@nsdl.com](mailto:evoting@nsdl.com) or Issuer/RTA. 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" or "Physical User Reset Password" or option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no. 1800 1020 990 and 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. **31st July, 2025** may follow steps mentioned in the Notice of the AGM under "Access to NSDL e-Voting system"
30. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e. **31st July, 2025** only shall be entitled to avail the facility of remote e-voting as well as e- voting at the AGM.
31. A person who is not a member as on the cut-off date should treat this notice for information purpose only.
32. Mrs. Manasi Paradkar, Practicing 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.
33. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "e-voting facility availed from NSDL" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
34. The Scrutinizer shall after the conclusion of e-voting at the Annual general meeting, will unblock the votes cast through remote e-voting/e-voting at the time of AGM, not later than 2 working days 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 Managing Director or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
35. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company [www.kirloskaroilengines.com](http://www.kirloskaroilengines.com) and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com) immediately after the declaration of result by the Chairman or Managing Director or a person authorized 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.



## Annexure to the Notice

### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND RULES THEREOF INCLUDING AMENDMENTS THEREUNDER AND REGULATION 36 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 INCLUDING AMENDMENTS THEREUNDER

#### ITEM NO. 3 OF THE NOTICE

Mr. Vinesh Kumar Jairath (DIN: 00391684) retires by rotation and being eligible offers himself for re-appointment.

He does not hold any shares in the Company.

Mr. Vinesh Kumar Jairath (age 66 years) served in the Indian Administrative Service from 1982 till his voluntary retirement in March 2008. Amongst various posts during service, he also served as Secretary to Governor, MD SICOM and Principal Secretary Industries in Government of Maharashtra. He has over 38 years of experience in Public Administration, Industry, Finance, Infrastructure Planning, Development and Financing, Urban Development and Environmental Management. Post voluntary retirement, he has been working as a consultant and is also an Independent Director on Boards of various companies.

He is a member of the Audit Committee of the Company.

He is also a director in the following other companies:

Wockhardt Limited@#

Sahyadri Hospitals  
Private Limited

Kirloskar Industries Limited@

@Audit Committee – Member

# Stakeholders Relationship Committee – Chairman

He has attended 5 (five) meetings of the Board of Directors of the Company during the financial year 2024-25.

He has resigned as Director from the Board of The Bombay Dyeing and Manufacturing Company Limited, Go Airlines (India) Limited, Bombay Burmah Trading Corporation Limited, Avante Spaces Limited, Kirloskar Management Services Private Limited during last 3 (three) years.

Mr. Vinesh Kumar Jairath is not disqualified from being appointed as a Director in terms of Section 164 of the Act read with Rules thereunder including amendments thereof and has given his consent to act as a Director.

Except Mr. Vinesh Kumar Jairath and his relatives, if any, to the extent of their shareholding, none of the other Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise in this resolution.

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors recommends the resolution set out in Item no. 3 of the notice for the approval of members of the Company.

Except above, none of the other Directors or Key Managerial Personnel of the Company including their relatives are in any way concerned or interested, financially or otherwise, in the proposed

resolution, except to the extent of their shareholding interest in the Company, if any.

#### ITEM NO. 4 OF THE NOTICE

The Board of Directors on the recommendation of Audit Committee has approved the appointment of M/s. Parkhi Limaye and Co., Cost Accountants (Firm Registration No. 191) to conduct the audit of the cost records of the Company for Financial Year ended 31st March, 2026, at the remuneration of ₹ 8,75,000/- p.a. (Rupees Eight Lakhs Seventy Five Thousand only) plus applicable taxes thereon, other certification charges and reimbursement out of pocket expenses on actual basis.

Pursuant to provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration payable to the Cost Auditor is required to be ratified by the members of the Company.

M/s. Parkhi Limaye and Co, Cost Accountants have furnished certificate regarding their eligibility for appointment as Cost Auditors of the Company.

The Board recommends resolution set out in Item no. 4 of the notice for approval and ratification by the members of the Company.

None of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested in the resolution.

#### ITEM NO. 5 OF THE NOTICE

Based on the recommendation of the Audit Committee, the Board of Directors has recommended the appointment M. J. Risbud & Co., Practicing Company Secretaries, a Peer Reviewed proprietorship firm of Mr. M. J. Risbud, FCS- 810, CP-185 and Unique Identification No. (UIN) – S1981MH000400, Peer Review Certificate No.1089/2021 dated 9 February, 2021, valid for 5 years, as the Secretarial Auditors of the Company, pursuant to the provisions of Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereunder and Section 204 of the Companies Act, 2013 and Rules thereunder, including amendments thereof, to hold office for a period of 5 (five) consecutive years commencing from the conclusion of 16th Annual General Meeting till the conclusion of the 21st Annual General Meeting of the Company, who shall conduct Secretarial Audit of the Company from and including the Financial Year ended 31st March, 2026 to the financial Year ended 31st March, 2030. Consent to act as the Secretarial Auditor, Eligibility Certificate and Peer Review Certificate issued by the Institute of Company Secretaries of India, New Delhi is obtained.

M. J. Risbud & Co. (Unique Identification No. (UIN) S1981MH000400) is a proprietorship firm owned by Mr. Mahesh Janardan Risbud, Practicing Company Secretary (FCS Number 810 and CP Number 185) since the year 1979. It holds a valid certificate of peer review issued by the Institute of Company Secretaries of India (ICSI). It caters in the areas of advisory on company law matters, conducting

the secretarial audits pursuant to the regulatory requirements, providing support for secretarial functions and certification work. It has a team of four company secretaries and association of other practicing professionals. He has been the faculty to seminars and training programs. He has authored several articles on company law and also published few books in marathi language.

The Board of Directors have approved remuneration of ₹ 4,50,000/- as the Secretarial Audit Fees plus tax, as applicable and reimbursement of expenses on travelling, lodging and boarding on outstation visits (if required) will be extra, for FY 2025-26. Secretarial Audit fees for FY 2026-27 to FY 2029-30 will be fixed by the Board of Directors, as they may deem fit for the remaining tenure of the Secretarial Auditor's appointment. Besides the secretarial audit services, the Company may also obtain certifications from them under various statutory regulations and certifications required by statutory/ regulatory authorities and other permissible non-secretarial audit services as required from time to time, for which the remuneration will be paid to them separately on mutually agreed terms, as approved by the Board of Directors, after taking into consideration the recommendations of the Audit Committee.

The Board recommends resolution set out in Item no. 5 of the notice for approval of the members of the Company.

None of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested in the resolution.

#### ITEM NO. 6 OF THE NOTICE

Pursuant to Sections 196, 197, 203 read with Schedule V and other provisions of the Act read with Rules thereunder including amendments thereof, the Company is required to appoint a Managing Director or a Chief Executive Officer or manager and in their absence, a Whole-Time Director, on the recommendation of the Nomination and Remuneration Committee and Board of Directors, subject to the approval of the members at the ensuing general meeting of the Company.

Ms. Gauri Kirloskar was appointed as the Managing Director of the Company with effect from 20th May, 2022 for a term of 3 (three) years which is valid till 19th May, 2025.

In view of the aforesaid and based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 14th May, 2025 have re-appointed Ms. Gauri Kirloskar (DIN: 03366274), as a Whole-Time Director with the designation as Managing Director of the Company with effect from 20th May, 2025 for a term of 3 (three) years subject to the approval of members of the Company on the terms and conditions as set out in the agreement to be entered between the Company and Ms. Gauri Kirloskar. The remuneration payable to Ms. Gauri Kirloskar is stated in the resolution at item No. 6 of this notice.

She holds 57,53,580 (3.96%) equity shares in the Company.

Ms. Gauri Kirloskar (Age 41 Years) is the Managing Director of Kirloskar Oil Engines Limited. Ms. Kirloskar has been on the board of Kirloskar Oil Engines since 2014.

She graduated from Carnegie Mellon's Tepper School of Business. Previously she attended Phillips Academy, Andover, near Boston.

After graduation, Gauri worked as an investment banking analyst at Merrill Lynch in New York in their Mergers and Acquisitions group. She then moved on to Pearson's Corporate Finance and Strategy group where she looked at business strategy and acquisitions for their education business.

She is a member of the boards of Kirloskar Oil Engines' subsidiaries, La-Gajjar Machineries, a pumps manufacturing company and Arka Fincap, the group's foray into the financial services business. At Arka Fincap, she was involved in setting up the initial management team and business planning. She continues to be involved with the business as a Board Member and member of the various committees overseeing the business.

As the Managing Director of Kirloskar Oil Engines, she led a organization wide business transformation effort working on organizational culture, leadership, organization structure, product strategy, channel strategy etc, which led a turnaround of the business, hence delivering value to all stakeholders. She is actively involved at Group level initiatives like culture, leadership and strategic HR. She led the recent brand refresh of the group under the banner "Kirloskar Limitless".

Prior to being appointed Managing Director of Kirloskar Oil Engines, her primary role was establishment of the Group's real estate business in Pune. This involved strategic alternatives analysis of value creation opportunities around the sale and development of the group's land banks. She was involved in title clearance and land approvals, building up of the design brief, working closely with the IPCs and engaging with potential clients.

She is currently serving as an Independent Board member of Godrej Enterprises Group and has previously on the boards of Bombay Burmah Trading Corporation and Bombay Dyeing and Manufacturing Company as an Independent Director.

Ms. Kirloskar was awarded the Maharashtra Udyogini award by the Ministry of Industries, Maharashtra in 2023.

She is a member of the Stakeholders Relationship Committee of the Company.

She is a director in the following other companies:

|                                                                                             |                                                     |
|---------------------------------------------------------------------------------------------|-----------------------------------------------------|
| Arka Fincap Limited                                                                         | GreenTek Systems (India) Private Limited            |
| Navsai Opportunities Private Limited (Formerly known as Navsai Investments Private Limited) | Indo Global Hinjewadi Software Park Private Limited |
| La-Gajjar Machineries Private Limited                                                       | Kirloskar Americas Corporation, USA                 |
| Arka Financial Holdings Private Limited                                                     | Kirloskar Integrated Technologies Private Limited   |
| Beluga Whale Capital Management Pte. Limited                                                | Godrej and Boyce Manufacturing Company Limited*     |
| Kirloskar Management Services Private Limited                                               |                                                     |

\* Audit Committee - Member



She has resigned from the Board of The Bombay Burmah Trading Corporation Limited, The Bombay Dyeing and Manufacturing Company Limited and Avante Spaces Limited as a Director during the last 3 (three) years.

Ms. Gauri Kirloskar has attended 5 (five) meetings of the Board of Directors of the Company during the financial year 2024-25.

Ms. Gauri Kirloskar and Mr. Atul Kirloskar, being daughter and father, are related to each other.

The draft agreement for the re-appointment of Ms. Gauri Kirloskar (DIN: 03366274) as the Managing Director setting out the terms and conditions is available for inspection by the members.

Ms. Gauri Kirloskar may be deemed to be concerned or interested, financially or otherwise, to the extent for her shareholding in the Company, in respect of her re-appointment as Whole-Time Director with designation as Managing Director of the Company. Mr. Atul Kirloskar, Director of the Company being the father of Ms. Gauri Kirloskar and other relatives of Ms. Gauri Kirloskar, to the extent of their shareholding in the Company, may be deemed to be concerned or interested financially or otherwise in this resolution.

Except above, none of the other Directors or Key Managerial Personnel of the Company including their relatives are in any way concerned or interested, financially or otherwise, in the proposed resolution, except to the extent of their shareholding interest in the Company, if any.

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company, recommend the resolution set out in item no. 6 of the notice for approval of the members of the Company.

#### ITEM NO. 7 OF THE NOTICE

Arka Fincap Limited (AFL) is a step down subsidiary of the Company. Further, based on consolidated financial statements of the Company for FY 2024-25, AFL is also a 'Material Subsidiary' of the Company, pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereunder.

As a part of the Business Plan, AFL is engaged in various transactions involving the sale, transfer, assignment or securitisation of its loan book, assets, receivables, book debts, or investments.

The Board of AFL at its meeting held on 25th March, 2025, and the shareholders of AFL at an Extraordinary General Meeting held on 25th March, 2025, approved enhancement in the transaction limit for the sale, assignment, or securitization of the Company's assets, including loan receivables, book debts, and investments from ₹ 990 Crore to ₹ 1,100 Crore during any financial year, pursuant

to Section 180 (1) (a) of the Companies Act, 2013 and Rules made thereunder.

Further, a Business Plan for FY 2025-26 for sell down/transfer/direct assignment/securitisation was *inter-alia* approved by the Board of AFL at its meeting held on 16th April, 2025, in light of the opportunities that can be identified by Management of AFL to undertake the transaction of sell down/assignment/securitization/transfer.

Further, the proposal to increase the aforementioned limit from ₹ 1,100 Crores to ₹ 3,000 Crores, during any financial year was placed before the Board of AFL at its meeting held on 30th April, 2025 and approval of shareholders of AFL will be obtained by them at their ensuing Annual General Meeting.

The transaction of sell down/transfer/direct assignment/securitisation is the ordinary course of business for AFL and is undertaken as a part of the business activity. The Business Plan of AFL also includes growing of its asset book across various products.

AFL has proposed to increase the aforementioned limit from ₹ 1,100 Crores to ₹ 3,000 Crores, during any financial year and within the proposed limit of ₹ 3,000 Crore, the sell down limit for Wholesale Lending Business shall be upto ₹ 1,000 Crore and SME & Retail Lending Business shall be upto ₹ 2,000 Crore. The proposed limit of ₹ 3,000 Crore exceeds the limit of 20% of total assets of AFL i.e., ₹ 7,071 Crore as on 31st March, 2025.

Pursuant to Regulation 24(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereunder, selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of special resolution.

In view of the same, approval of members of the Company is sought for the resolution set out in Item No. 7.

The Board recommends resolution set out in Item no. 7 of the notice for approval of the members of the Company.

None of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested in the resolution.

By Order of the Board of Directors

Sd/-

**Farah Irani**

Place: Pune

Date: 14th May, 2025 Company Secretary & Compliance Officer

# Board's Report

TO THE MEMBERS  
OF **KIRLOSKAR OIL ENGINES LIMITED**

Your Directors are pleased to present this 16th Annual Report together with the Audited Statement of Accounts for the Financial Year ended 31st March, 2025 of Kirloskar Oil Engines Limited ("KOEL" or the "Company").

## 1. COMPANY'S FINANCIAL PERFORMANCE (STANDALONE)

Your Company's sales for the Financial Year ended 31st March, 2025 stood at ₹ 5,072.71 Crore, as compared to ₹ 4,806.35 Crore in the previous Financial Year, representing an increase of 5.54%. The Profit before tax and exceptional items for the Financial Year ended 31st March, 2025 was ₹ 559.04 Crore as compared to ₹ 486.84 Crore in the previous Financial Year, representing an increase of 14.83%.

The Profit after Tax for the Financial Year 31st March, 2025 was ₹ 431.93 Crore as compared to ₹ 361.63 Crore in the previous Financial Year, representing an increase of 19.44%.

## 2. FINANCIAL RESULTS (STANDALONE)

₹ in Crore

| Particulars                                                | Standalone      |                 |
|------------------------------------------------------------|-----------------|-----------------|
|                                                            | 2024-25         | 2023-24         |
| <b>Total Income*</b>                                       | <b>5,147.74</b> | <b>4,875.38</b> |
| <b>Profit before exceptional items and tax</b>             | <b>559.04</b>   | <b>486.84</b>   |
| Exceptional Items                                          | 20.90           | -               |
| <b>Profit before tax</b>                                   | <b>579.94</b>   | <b>486.84</b>   |
| Tax Expense (Current and Deferred Tax)                     | 148.01          | 125.21          |
| <b>Net Profit for the Period</b>                           | <b>431.93</b>   | <b>361.63</b>   |
| Other Comprehensive Income                                 | (3.07)          | (2.63)          |
| <b>Total Comprehensive Income for the year, net of tax</b> | <b>428.86</b>   | <b>359.00</b>   |
| Profit Brought Forward                                     | 1,973.63        | 1,687.15        |
| Profit Available for Appropriation                         | 2,405.56        | 2,048.78        |
| Transfer to General Reserve                                | -               | -               |
| Dividend                                                   | 87.07           | 72.44           |
| Balance of the Profit carried forward                      | 2,315.54        | 1,973.63        |

\*Previous Year numbers have been regrouped to make them comparable with the Financial Year 2024-25.

## 3. DIVIDEND

Your Directors declared an interim dividend of 125% (₹ 2.50/- per equity share) and also recommended a final dividend of 200% (₹ 4/- per equity share) for the year ended 31st March, 2025. The previous year's dividend consisted of an interim dividend of 125% (₹ 2.50 per equity share) and a final dividend of 175% (₹ 3.50 per equity share).

The total dividend payout for the Financial Year ended 31st March, 2025 was ₹ 87.07 Crore. The payment of dividend was subject to deduction of TDS at the applicable tax rate.

In terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder, the Dividend Distribution Policy of the Company is available on the Company's website (<https://www.kirloskaroilengines.com/documents/541738/0a36d92a-4450-1010-8a11-d92ec5426c7c>).



#### 4. DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereunder, we give below the key Financial ratios:

##### 1. Details of Key Financial Ratios of the Company:

| Sr. No. | Particulars                 | Ratio as on 31st March, 2025 | Ratio as on 31st March, 2024 | Reason for significant change (change of 25% or more)                                                                                   |
|---------|-----------------------------|------------------------------|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| i.      | Debtors' Turnover*          | 8.3                          | 9.3                          | NA                                                                                                                                      |
| ii.     | Inventory Turnover*         | 6.6                          | 6.5                          | NA                                                                                                                                      |
| iii.    | Interest Coverage Ratio     | 41.8                         | 56.1                         | NA                                                                                                                                      |
| iv.     | Current Ratio*              | 1.7                          | 1.4                          | NA                                                                                                                                      |
| v.      | Debt Equity Ratio*          | 0.06                         | 0.08                         | Decrease was mainly on account of decrease in current borrowing and part repayment of secured term loan availed for immovable property. |
| vi.     | Operating Profit Margin (%) | 10.5%                        | 9.7%                         | NA                                                                                                                                      |
| vii.    | Net Profit Margin (%)*      | 8.5%                         | 7.5%                         | NA                                                                                                                                      |

\* Calculated in accordance with the Guidance Note issued on Division II - Ind AS Schedule III of the Companies Act, 2013 issued by ICAI.

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

##### 2. Return on Net Worth:

The details of change in Return on Net Worth as compared to the immediately previous Financial Year is given below:

| Sr. No. | Particulars         | As on 31st March, 2025 | As on 31st March, 2024 | % of change | Reason for change                           |
|---------|---------------------|------------------------|------------------------|-------------|---------------------------------------------|
| 1       | Return on Net worth | 15.4%                  | 14.6%                  | 5.5%        | Improved operating margin with sales growth |

#### 5. COMPANIES WHICH HAVE BECOME OR CEASED TO BE SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Board of Directors at its meeting held on 6th March, 2024 considered and approved the incorporation of a wholly owned subsidiary in UAE with the name "Kirloskar International ME FZE, or such other name as may be approved by the Statutory Authority(ies) therein and subject to such other approvals as may be required. Kirloskar International ME FZE has been incorporated on 7th January, 2025.

#### 6. SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS

On consolidated basis, for the Financial Year ended 31st March, 2025, your Company's Revenue from Operations stood at ₹ 6,349.13 Crore (Previous Financial Year was ₹ 5,898.32 Crore), Profit before tax and exceptional item was ₹ 615.49 Crore (Previous Financial Year was ₹ 610.53 Crore) and Profit after tax was ₹ 475.82 Crore (Previous Financial Year was ₹ 439.70 Crore).

The consolidated financial statements of the Company and its subsidiaries was prepared in accordance with Ind AS 110, issued by ICAI and notified by Ministry of Corporate Affairs and forms part of this Annual Report. A statement containing the salient features of the financial statements of the subsidiary companies forms part of the Financial Statements of the Company in Form AOC-1 (Refer Note 43 to the standalone financial statements).

Pursuant to the provisions of Section 136 of the Companies Act, 2013 and 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.

The annual accounts of the Company's subsidiaries and related detailed information will be available for inspection in electronic form based on the members' request raised by them on the dedicated email id of the Company at [investors@kirloskar.com](mailto:investors@kirloskar.com).

##### a) The details of financial performance of subsidiaries including step-down subsidiaries and associate company of subsidiary as on 31st March, 2024 and 31st March, 2025 are as under:

| Sr. No. | Name of the Company                                     | Category           | Turnover / Revenue<br>(₹ in Crore) |             | Profit after Tax<br>(₹ in Crore) |            |
|---------|---------------------------------------------------------|--------------------|------------------------------------|-------------|----------------------------------|------------|
|         |                                                         |                    | FY 2024-25                         | FY 2023-24* | FY 2024-25                       | FY 2023-24 |
| 1       | Kirloskar Americas Corporation, USA (KAC)               | Subsidiary Company | 30.20                              | 25.30       | 2.85                             | 0.10       |
| 2       | La-Gajjar Machineries Private Limited, Ahmedabad (LGM)  | Subsidiary Company | 493.44                             | 540.03      | 4.72                             | 24.10      |
| 3       | Arka Financial Holdings Private Limited, Mumbai (AFHPL) | Subsidiary Company | 10.82                              | 0.66        | (2.49)                           | (0.59)     |

| Sr. No. | Name of the Company                                                     | Category                                                                                                                        | Turnover / Revenue<br>(₹ in Crore) |                         | Profit after Tax<br>(₹ in Crore) |            |
|---------|-------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|------------------------------------|-------------------------|----------------------------------|------------|
|         |                                                                         |                                                                                                                                 | FY 2024-25                         | FY 2023-24 <sup>#</sup> | FY 2024-25                       | FY 2023-24 |
| 4       | Arka Fincap Limited, Mumbai (AFL)                                       | Step-down Subsidiary Company                                                                                                    | 774.42                             | 563.66                  | 80.36                            | 69.23      |
| 5       | Arka Investment Advisory Services Private Limited, Mumbai (AIASPL)      | Step-down Subsidiary Company                                                                                                    | 5.64                               | 0.52                    | (4.31)                           | (1.86)     |
| 6       | Engines LPG, LLC dba Wildcat Power Gen, USA w.e.f. 29th November, 2023* | Step-down Subsidiary Company                                                                                                    | 22.11                              | 2.99                    | (25.77)                          | (5.60)     |
| 7       | ESVA Pumps India Private Limited, Coimbatore**                          | Associate/Joint Venture Company of OPEPL upto 25th March, 2024 and of LGM w.e.f. 26th March, 2024 and upto 28th September, 2024 | NA                                 | 86.22                   | NA                               | 2.62       |
| 8       | Kirloskar International ME FZE, UAE w.e.f. 7th January, 2025***         | Subsidiary Company                                                                                                              | -                                  | -                       | (0.10)                           | -          |

\*The number reported for FY2023-24 pertain only to post acquisition period i.e., w.e.f. 29th November, 2023 and upto 31st March, 2024.

\*\*The Joint Venture arrangement between LGM and ESVA has been terminated with effect from 28th September 2024.

\*\*\*Kirloskar International ME FZE was incorporated on 7th January, 2025, as wholly owned subsidiary of the Company and there were no commercial operations carried out upto 31st March, 2025.

<sup>#</sup>Previous Year numbers have been regrouped to make them comparable with the Financial Year 2024-25.

**b) Operational Highlights of subsidiaries including step down subsidiaries during Financial Year 2024-25 are as under:**

**i. Kirloskar Americas Corporation, USA – (“KAC”)**

During the Financial Year under review, the Company's revenue contributed from Firefighting Engines, Industrial and Power Generation segments in North, Central and South America. KAC has stocking arrangements in Miami (FL) of engines, generating sets and spare parts. This enables faster deliveries of products to customers. The marketing environment in South and Central America remains volatile due to economic challenges in markets like Argentina, Peru and Ecuador. The Company is exploring new avenues to succeed in these markets by pursuing to localize the products and meet local requirements. Challenges have been faced during the later part of the Financial Year due to new tariffs announced on imports in USA. Projects have been affected in the entire region due to the unpredictable nature of the situation. With reference to Environment Protection Agency (EPA) certification of engines, there were no new families that achieved certification during the Financial Year under review. Three (3) new families of the R550 series are in process of Tier 4 Final certification from US EPA and California Air Resources Board (CARB) and this is expected to be completed in Financial Year 2025-26.

KAC supplied new gas engine long blocks for prototyping and is augmenting its range of engines and expects this business segment to grow in the coming years. KAC participated at National Fire Protection Association expo in United States of Americas. Stocking and packaging of engines and accessories in the US has led to a penetration amongst the OEMs in Americas region. KAC has also increased its service reach in different

countries in Central and South America which has been leading to positive response from end customers in contractors in the region.

**ii. Engines LPG, LLC dba Wildcat Power Gen, USA**

During the Financial Year under review, developing a complete product portfolio and lack of an established distributor network were the contributing factors which led to sales revenues being less than forecasted. Additionally, with limited resources from sales revenues, the implementation of processes within the business such as sales, service and manufacturing were continually being realigned with the industry leaders as an adoption of best practices.

In an effort to drive sales through defined revenue segments, Engines LPG, LLC dba Wildcat Power Gen invested in additional sales and manufacturing personnel to establish new processes for sales, service and channel partner onboarding. This investment was necessary to build the foundation and continue brand recognition, which affected profitability. Product development and availability will allow Engines LPG, LLC dba Wildcat Power Gen to course correct with increased levels of sales in the coming quarters.

Engines LPG, LLC dba Wildcat Power Gen has begun to show success with prototyping of some potentially high-volume projects centered around the telecom industry - "Maverick DC Generator". Engines LPG, LLC dba Wildcat Power Gen launched its new product line the "Patriot Series": mobile generators designed and developed specifically for the USA rental market, at the annual PowerGen International tradeshow in Dallas, Texas Feb 2025. Engines LPG, LLC dba Wildcat Power Gen is gaining traction with both products as orders are being received prior to final production release.



iii. **La-Gajjar Machineries Private Limited ("LGM")**

During Financial Year 2022-23, the Board of Directors of Company considered the proposal to purchase new land situated in Sanand GIDC, Ahmedabad, Gujarat, for its long-term strategy of consolidation of all the manufacturing facilities of the Company. Accordingly, the Company purchased the land and the project of consolidation of all the manufacturing facilities of the Company was completed and Plant was operational during Financial Year 2024-25. This project is funded through a combination of long term bank borrowings, Preference Shares from parent company and internal accruals.

LGM continued to expand its network both in domestic and international markets and geographies. In this Financial Year, LGM has expanded its network in regions like Africa, South East Asia, Latin America and achieved total export sales of ₹ 162.3 Crore. LGM continues to focus on quality standards.

iv. **Arka Financial Holdings Private Limited ("AFHPL")**

AFHPL was founded with the aim of bolstering strategic flexibility to establish a dynamic and robust platform for its Financial services endeavours. AFHPL is in the process of applying for Core Investment Company (CIC) registration with the Reserve Bank of India.

Presently, AFHPL oversees two subsidiaries namely, Arka Fincap Limited and Arka Investment Advisory Services Private Limited.

v. **Arka Fincap Limited ("AFL") - Step Down Subsidiary**

AFL is a Non-Deposit Taking Systemically Important Non-Banking Financial Company (NBFC). It operates as a subsidiary of Arka Financial Holdings Private Limited (AFHPL), which in turn, is a subsidiary of Kirloskar Oil Engines Limited (KOEL). AFL is professionally managed and specializes in providing structured term financing solutions to Corporate, Real Estate, and Micro, Small, and Medium Enterprise (MSME) borrowers.

AFL's growth strategy hinges on robust digital credit assessment and efficient digital onboarding processes, ensuring faster Turnaround Time (TAT) and expedited disbursements. Aligned with its mission of providing technology-enabled, innovative, and customized financial solutions for an enhanced customer experience, AFL considers technology as the key driver for business expansion.

With a customer-centric approach, a seasoned management team, and diligent monitoring of loan assets, AFL has witnessed growth since the inception of operations in fiscal year 2020. It operates in four main business segments: MSME/SME/Retail, Corporate lending, Real estate and urban infrastructure financing, Syndication. As part of its diversification strategy, it has now started its journey to build the granular secured retail business.

MSME/SME/Retail business witnessed robust growth in Financial Year 2025 with Retail AUM now accounting for ~64% of the overall Arka book. This AUM grew to ₹ 4,677 Crore in Financial Year 2024-25 from ₹ 2,613 Crore in Financial Year 2023-24. This is in line with the long-term strategy of focusing on the retail business. Significant growth was registered in all the sub-products including Loan against Property, Business Loans and Digital Partnerships. With 34 active branches, Arka is rapidly expanding its geographical presence with an aim to build a granular and diversified loan book without compromising asset quality. It has also been granted Corporate Agency license (Composite) by IRDAI essential for insurance distribution.

Corporate Lending division excels in tailoring bespoke loans to precisely fit the unique needs of medium and large corporations. It specializes in delivering customized financial solutions that address the diverse funding needs of companies across a broad spectrum of industries. From pharmaceuticals to renewable energy, power to telecom, entertainment to industrials, auto components, and beyond, it is committed to providing the perfect financing solutions to its clients. The Real Estate and Urban Infra Lending division is dedicated to facilitating the growth of India's infrastructure and real estate sectors by providing either partial or complete capital infusion. With a keen focus on catering to the requirements of its esteemed clients, the division ensures a smooth and seamless process from initiation to completion.

Within AFL, the Syndication business offers comprehensive solutions to corporate clients encompassing project finance, capital expenditure, general corporate needs, last mile financing, and subordinated structured debt. Through advisory, syndicating, selldown, and co-lending strategies spanning various sectors, it ensures tailored financial assistance for every requirement. Syndication efforts play a pivotal role in nurturing and strengthening investor and client relationships, fostering trust and reliability.

vi. **Arka Investment Advisory Services Private Limited ("AIASPL") - Step Down Subsidiary**

AIASPL was incorporated with an objective including managing or assisting in raising funds for alternative investment funds, venture capital funds, private equity funds, debt funds, structured finance funds, offshore funds, pension funds, property related funds or any other funds, undertaking the business of providing investment advisory services, act as an asset manager, advisor, sponsor, designated partner in respect of various investment or pooled investment vehicles and/or entities for managing and/or advising with respect to the assets / and/or investments of or by Alternative Investment Funds.

Currently, AIASPL is an Investment Manager to Arka Credit Fund, a fund registered as a Category II Alternative Investment Fund with SEBI and its scheme i.e., Arka Credit Fund I.

## 7. KIRLOSKAR OIL ENGINES LIMITED – EMPLOYEE STOCK OPTION PLAN 2019 (KOEL ESOP 2019)

The Members of the Company at the Annual General Meeting held on 9th August, 2019, passed a resolution for introducing Employees Stock Option Plan 2019 – (KOEL ESOP 2019), for the benefit of employees of the Company. The resolution also accorded approval to the Board of Directors, to formulate the plan as per broad parameters outlined in the resolution, either directly or through a Nomination and Remuneration Committee.

The Members of the Company at the Annual General Meeting held on 12th August, 2021, passed a resolution amending the Kirloskar Oil Engines Limited – Employee Stock Option Plan 2019 in terms of coverage of the KOEL ESOP 2019 to the eligible employees of its subsidiary company, in or out of India except such subsidiary company(ies) which are formed and engaged in financial service business including without limitation to the Arka Fincap Limited and also authorized the Board of Directors or the Nomination and Remuneration Committee of the Company to grant the Options to such employees of the Subsidiary Company(ies) from time to time.

The Securities and Exchange Board of India (“SEBI”) notified the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (“SEBI SBEB Regulations”) by repealing and merging the SEBI (Share Based Employee Benefits) Regulations, 2014 and the SEBI (Issue of Sweat Equity) Regulations, 2002 (collectively referred to as “Erstwhile Regulations”) with appropriate modifications which came into force from 13th August, 2021. The Nomination and Remuneration Committee at its meeting held on 27th October, 2021 further amended the KOEL ESOP 2019 to align and comply the requirements of the SEBI SBEB Regulations along with to bring flexibility provided under the SEBI SBEB Regulations.

The Company had obtained in-principle approval from BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) for listing of 14,00,000 equity shares under KOEL ESOP 2019, pursuant to Regulation 12 of the Chapter II of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

The Nomination and Remuneration Committee at its meetings held on 5th March, 2021 approved the grant of 9,40,000 stock options exercisable into 9,40,000 Equity Shares of ₹ 2/- each; on 18th May, 2022 approved the grant of 2,75,000 stock options exercisable into 2,75,000 Equity Shares of ₹ 2/- each; on 10th August, 2023 approved the grant of 1,35,000 stock options exercisable into 1,35,000 Equity Shares of ₹ 2/- each of the Company to its specified employees of the Company. The Nomination and Remuneration Committee at its meeting held on 27th October, 2021, approved the grant of 50,000 stock options exercisable into 50,000 Equity Shares of ₹ 2/- each of the Company to the specified employees of La-Gajjar Machineries Private Limited, a wholly owned subsidiary company. The Nomination and Remuneration Committee at its meeting held on 7th August, 2024, approved the grant of 4,63,367 stock options exercisable into 4,63,367 Equity Shares of ₹ 2/- each of the Company to the specified

employees of the Company and La-Gajjar Machineries Private Limited, a wholly owned subsidiary company.

KOEL ESOP 2019 is in compliance with the applicable provisions of the Companies Act, 2013 and the Rules issued thereunder, the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (“SEBI SBEB Regulations”) and other applicable regulations, if any.

The disclosures as required under Companies (Share Capital and Debentures) Rules, 2014, including amendments thereunder as on 31st March, 2025 is as under:

|                                                                                                                                                                                                                                                       |              |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| Options granted during the Financial Year 2024-25                                                                                                                                                                                                     | 4,63,367     |
| Options vested during the Financial Year 2024-25                                                                                                                                                                                                      | 1,97,704*    |
| Options exercised during the Financial Year 2024-25                                                                                                                                                                                                   | 2,14,976**   |
| The total number of shares arising as a result of exercise of option during the Financial Year 2024-25                                                                                                                                                | 1,83,259***  |
| Options lapsed during the Financial Year 2024-25                                                                                                                                                                                                      | 54,633       |
| Exercise Price                                                                                                                                                                                                                                        | 103.14/-     |
|                                                                                                                                                                                                                                                       | 128.88/-     |
|                                                                                                                                                                                                                                                       | 87.93/-      |
|                                                                                                                                                                                                                                                       | 267.36/-     |
|                                                                                                                                                                                                                                                       | 656.67/-     |
| Variation of terms of options during the Financial Year 2024-25                                                                                                                                                                                       | No variation |
| Money realised by exercise of options                                                                                                                                                                                                                 | 2,68,82,424  |
| Employee wise details of options granted to during Financial Year 2024-25:                                                                                                                                                                            |              |
| 1. Key Managerial Personnel:                                                                                                                                                                                                                          |              |
| Mr. Sachin Kejriwal, Chief Financial Officer                                                                                                                                                                                                          | 60,000       |
| 2. Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during the year 2024-25                                                                                          |              |
| a) Dr. Krishna Lakshminarasimhan                                                                                                                                                                                                                      | 40,000       |
| b) Mr. Vinodkumar Menon                                                                                                                                                                                                                               | 40,000       |
| c) Mr. Makarand Krishna Joshi                                                                                                                                                                                                                         | 40,000       |
| d) Mr. Swarnendu Jha                                                                                                                                                                                                                                  | 40,000       |
| e) Mr. Rengaraj Sankarappan                                                                                                                                                                                                                           | 30,000       |
| f) Mr. Ankur Gupta                                                                                                                                                                                                                                    | 27,491       |
| g) Mr. Milind Joshi                                                                                                                                                                                                                                   | 26,598       |
| h) Mr. Gaurav Bhalla                                                                                                                                                                                                                                  | 24,282       |
| 3. Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant during the Financial Year 2024-25. | Nil          |

\*7,825 options were vested to the specified employees of La-Gajjar Machineries Private Limited, a wholly owned subsidiary company and 1,89,879 options were vested to the specified employees of the Company as per vesting schedule.

\*\*It includes 31,717 options exercised during the Financial Year 2024-25 and allotted during the Financial Year 2025-26. The exercise money for 31,717 equity shares is accounted as Share application money.

\*\*\* It includes 40,159 options exercised during the Financial Year 2023-24 and allotted during the Financial Year 2024-25.

There have been no material changes to the KOEL ESOP 2019 during the Financial Year 2024-25.



The certificate from Mr. Mahesh J. Risbud, Practicing Company Secretary [PCS No. 185] Secretarial Auditors of the Company, confirming that the scheme has been implemented in accordance with the aforesaid regulations and in accordance with the resolution passed by the Members of the Company at its Annual General Meetings held on 9th August, 2019 and 12th August, 2021, will be placed before the Members at the ensuing Annual General Meeting. A copy of the same will be available for inspection at the Company's website viz. [www.kirloskaroilengines.com](http://www.kirloskaroilengines.com).

The disclosures on the scheme, details of options granted, changes to the scheme, if any, etc. are placed on the website of the Company as required under the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB Regulations") and can be accessed on the Company's website viz. [www.kirloskaroilengines.com](http://www.kirloskaroilengines.com).

In line with the Indian Accounting Standards ("Ind AS") 102 on 'Share Based Payments' issued by the Institute of Chartered Accountants of India ("ICAI"), your Company has computed the cost of equity settled transactions by using the fair value of the options at the date of the grant and recognized the same as employee compensation cost over the vesting period.

## 8. CAPITAL STRUCTURE

Your Company allotted 2,23,418 equity shares of ₹ 2/- each to the eligible employees of the Company and eligible employees of La-Gajjar Machineries Private Limited during the Financial Year 2024-25 pursuant to KOEL ESOP 2019. Consequent to the aforesaid allotment, Issued Capital and Subscribed Capital of the Company increased from 14,49,56,271 equity shares of ₹ 2/- each to 14,51,79,689 equity shares of ₹ 2/- each and Paid-up Capital increased from 14,49,55,806 equity shares of ₹ 2/- each to 14,51,79,224 equity shares of ₹ 2/- each.

Your Company allotted 49,751 equity shares of ₹ 2/- each on 25th April, 2025, upon exercise of options vested to the eligible employees of the Company and La-Gajjar Machineries Private Limited, a wholly owned subsidiary company, pursuant to KOEL ESOP 2019.

## 9. CHANGE IN THE NATURE OF BUSINESS

There was no change in nature of the business of the Company during the Financial Year 2024-25.

## 10. DIRECTORS

### a) Changes in Composition of the Board of Directors

The details of changes in the composition of the Board of Directors of the Company during the Financial Year under review are as under:

- i. Mr. Mahesh Chhabria (DIN: 00166049) tendered his resignation as Non-Executive Non-Independent Director of the Company, vide resignation letter dated 5th March, 2025, with effect from close of working hours of 31st March, 2025, in order to pursue entrepreneurial journey. The intimation of the said resignation was filed

with BSE Limited and National Stock Exchange of India Limited on 12th March, 2025 and 1st April, 2025.

- ii. The Members of the Company at the Annual General Meeting held on 8th August, 2024, approved the re-appointment of Dr. Kandathil Mathew Abraham (DIN: 05178826) as "Non-Executive Independent Director" for a second term of 5 (five) consecutive years with effect from 10th August, 2024.
- iii. The Members of the Company at the Annual General Meeting held on 8th August, 2024, approved the re-appointment of Dr. Shalini Sarin (DIN: 06604529) as "Non-Executive Independent Director" for a second term of 5 (five) consecutive years with effect from 25th October, 2024.
- iv. Mr. Vinesh Kumar Jairath (DIN: 00391684) retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
- v. In compliance with Section 196, 197, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder including amendments thereof, based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company re-appointed Ms. Gauri Kirloskar (DIN: 03366274), as a Whole-Time Director with the designation as Managing Director of the Company with effect from 20th May, 2025 for a term of 3 (three) years, which is subject to approval of the Members. The resolution seeking approval of the Members for the re-appointment of Ms. Gauri Kirloskar, as a Whole-Time Director with the designation as Managing Director of the Company with effect from 20th May, 2025 for a term of 3 (three) consecutive years, has been incorporated in the notice of the ensuing Annual General Meeting of the Company.

The brief resumes and other details relating to the Directors who are proposed to be re-appointed, as required to be disclosed under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder, forms part of the Notice of Annual General Meeting.

Other than the above, there are no other changes in the composition of the Board of Directors of the Company in the Financial Year 2024-25.

### b) Changes in Key Managerial Personnel

The details of changes in composition of the Key Managerial Personnel of the Company during the Financial Year under review are as under:

- i. The Board of Directors of the Company at its Meeting held on 8th May, 2024, pursuant to the recommendation of Nomination and Remuneration Committee and the Audit Committee, appointed Mr. Sachin Kejriwal as Chief Financial Officer (Key Managerial Personnel) of the Company with effect from 9th May, 2024.

- ii. Ms. Smita Raichurkar (A21265), tendered her resignation vide letter dated 18th June, 2024 as Company Secretary and Key Managerial Personnel of the Company due to her future plans, with effect from close of working hours of 23rd August, 2024. Further, the Company has received confirmation from Ms. Smita Raichurkar that there was no other material reason for her resignation other than those mentioned in her resignation letter dated 18th June, 2024. The said confirmation was filed with BSE Limited and National Stock Exchange of India Limited on 18th June, 2024.
- iii. The Board of Directors of the Company at its Meeting held on 12th November, 2024, pursuant to the recommendation of Nomination and Remuneration Committee, appointed Ms. Farah Irani (A21182) as the Company Secretary and Compliance Officer (Key Managerial Personnel) of the Company, with effect from 12th November, 2024.
- iv. Mr. Aseem Srivastav, tendered his resignation vide letter dated 6th December 2024 as Chief Executive Officer – B2C Business Vertical and Key Managerial Personnel, of the Company with effect from close of working hours of 31st December, 2024, as he was desirous of taking up a new role within the Group. Further, the Company has received confirmation from Mr. Aseem Srivastav that there was no other material reason for his resignation other than those mentioned in his resignation letter dated 6th December, 2024. The said confirmation was filed with BSE Limited and National Stock Exchange of India Limited on 6th December, 2024.
- v. The designation of Mr. Rahul Sahai, who was appointed as Key Managerial Personnel of the Company, with effect from 1st September, 2022, changed from the Chief Executive Officer (B2B) business vertical of the Company to Chief Executive Officer of the Company with effect from 1st January, 2025. He continues to be Key Managerial Personnel of the Company.

Other than the above, there are no other changes in Key Managerial Personnel of the Company in the Financial Year 2024-25.

#### c) Declarations from the Independent Directors

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149 (7) of the Companies Act, 2013 and Rules thereof including amendments thereunder and Regulation 16(1)(b) and 25(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder.

The Company has also received declarations from all the Independent Directors of the Company confirming that they have complied with the Code for Independent Directors as prescribed in Schedule IV to the Companies Act, 2013, including amendments thereunder. The said Code is available on the Company's website.

All the Independent Directors of the Company have enrolled themselves in the data bank with the 'Indian Institute of Corporate Affairs', New Delhi, India and eligible Independent Directors have also completed the proficiency test.

There has been no change in the circumstances affecting their status as Independent Directors of the Company.

The Board of Directors of the Company have taken on record the declaration and confirmation submitted by the Independent Directors after undertaking due assessment of the veracity of the same.

#### d) A statement regarding opinion of the Board with regard to Integrity, Expertise and Experience (including the proficiency) of the Independent Directors appointed during the year

The Board of Directors considered that Dr. Kandathil Mathew Abraham (DIN: 05178826) and Dr. Shalini Sarin (DIN: 06604529) possess the requisite expertise and experience (including the proficiency) and they are the persons of high integrity and repute and accordingly recommended their re-appointment as Independent Directors which were approved by the Members at the Annual General Meeting held on 8th August, 2024.

Other than the above, there are no other re-appointment of Independent Directors of the Company in Financial Year 2024-25.



#### e) Board Evaluation

The Board of Directors carried out a formal review of the performance and effectiveness of the Board, Committees of the Board and of the individual directors including the Chairman of the Board for the Financial Year 2024-25.

The performance of the Board was evaluated on the basis of criteria such as the board composition and structure, effectiveness of Board processes, participation in organization strategy including Long Range Plan and Annual Operating Plan, inorganic growth opportunity evaluation, Enterprise Risk Management etc.

Using appropriate criteria, the performance of the various Committees was separately evaluated by the Board.

In a separate meeting of Independent Directors, performance of non-independent directors, performance of the Board as a whole, performance of the Chairman, taking into account the views of executive directors and non-executive directors, was evaluated and *inter-alia* discussed the issues arising out of Committee Meetings and Board discussion including the quality, quantity and timely flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties. The outcome of the meeting was presented to the Board along with the course of actions taken for implementing the observations.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman



of the Board, who were evaluated on parameters such as achievement against key performance objectives, attendance at meetings, time devoted for the Company, contribution in the Board process etc.

Feedback was sought by way of a structured questionnaire covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance and the evaluation was carried out based on responses received from the Directors.

The Independent Directors shared their inputs on effectiveness of the Board processes with the Chairman of the Board.

The Directors expressed their satisfaction with the evaluation process. The result of evaluation was satisfactory and meets the requirements of the Company.

**f) Nomination and Remuneration Policy**

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, has adopted a policy that lays guidelines for selection and appointment of Directors, Key Managerial Personnel and Senior Management Personnel together with their remuneration, which has been amended in order to align with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereof and the Companies Act 2013 read with rules thereof including amendments thereunder. The Nomination and Remuneration Policy is available on the website of the Company. (Web - link <https://www.kirloskaroilengines.com/documents/541738/2bd3cfb1-7d20-f25a-1163-3a003fd96c15>)

**g) Number of meetings of the Board**

During the Financial Year under review, 5 (five) Board Meetings were held, the details of which form part of the Report on Corporate Governance.

**h) Composition of Audit Committee and other Committees of the Board**

The Composition including terms of references of Committees of the Board namely, Audit Committee, Nomination and Remuneration Committee, Risk Management Committee and Stakeholders Relationship Committee forms part of the Report on Corporate Governance.

The Composition of Corporate Social Responsibility Committee forms part of **Annexure A** of this report.

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

**11. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

During the Financial Year under review, the Company has invested in Series A-1 Optionally Convertible Redeemable Non-Cumulative Preference Shares of Kirloskar Americas

Corporation, USA. The details are given in the Financial Statements, forming part of this Annual Report. The Company has not granted any Loans and Guarantees covered under Section 186 of the Companies Act, 2013 and Rules thereof including amendments thereunder.

**12. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

All related party transactions that were entered into during the Financial Year 2024-25 were on an arm's length basis and in the ordinary course of business. Hence, there are no transactions to be reported in Form AOC-2. 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. All Related Party Transactions are routinely placed before the Audit Committee for approval after being duly certified by the Independent Chartered Accountant. The Audit Committee had granted the omnibus approval for the proposed transactions other than those approved by the Audit Committee from time to time with Related Party during Financial Year 2024-25, which are reviewed on quarterly basis by the Audit Committee after being duly certified by the Independent Chartered Accountant.

The Company has adopted the policy on Related Party Transactions which was amended from time to time in order to align with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereof and the Companies Act 2013 read with Rules thereof including amendments thereunder. The amended policy on Related Party Transactions is uploaded on the Company's website.

The disclosures as per Ind-AS 24 for transactions with related parties are provided in the Financial Statements of the Company (Refer Note No. 41.5.11 of Standalone financial statements).

**13. RISK MANAGEMENT, INTERNAL AUDIT AND INTERNAL CONTROL FRAMEWORK**

The Board recognizes the importance of sound internal controls and risk management practices to good corporate governance. The Board is responsible for the governance of risk and ensures that management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders. All material decisions of the Board take into relevant consideration the nature and extent of risks which the Company is willing to take in achieving its strategic objectives and value creation. The Company's internal control system is commensurate with the nature of the business, size and complexity of operations covering all businesses and functions of the organization. In line with the commitment of a high standard of compliance with accounting, financial reporting, internal controls, corporate governance and auditing requirements and any legislation relating thereto, the Company has a

Code of Business Conduct applicable to Company personnel covering a wide range of business practices and procedures. This includes, but is not limited to, compliance with laws, rules and regulations, avoidance of conflicts of interests, practicing ethical behavior, ensuring integrity of financial statements, protection of information, intellectual property and technology, diversity and inclusion and prevention of harassment and violence. The Company's risk management process is designed to facilitate identification, evaluation, mitigation and review of risks which may affect achievement of objectives. It is aligned with the strategy deployment processes of the organization. A risk-based audit plan on a yearly basis is approved by the Audit Committee. Significant observations and progress of implementation of the action plan are reported to and reviewed by the Audit Committee. The enterprise risks and their mitigation plans are presented by the risk owners to the Risk Management Committee. The Enterprise Risk Management ('ERM') framework is aimed at effectively mitigating the business and enterprise risks through strategic actions. The mitigation plans for enterprise and business risks are reviewed and updated on a periodic basis to the Risk Management, Audit Committee and the Board of Directors of the Company. The risk management process which has been established across the Company, addresses major types of risks which are at enterprise and business level. The risks are reviewed with respect to the likelihood and impact following a balanced bottom-up and top-down approach covering all businesses and functions of the Company. The review of the risks is done based on changes in the external environment, which have a significant bearing on the risks. The Risk Management Policy developed by the Company guides the risk management processes which is in line with size, scale and nature of the Company's operations. The risk management process works at various levels across the organization. It is an ongoing process and forms an integral part of management focus. The Risk Management Committee oversees risk management standards, practices, and systems. The Risk Management Committee periodically reviews the effectiveness of the ERM system within the Company and evaluates the adequacy and effectiveness of administrative, operating, and accounting controls used by the Company. In addition to this, the control self-assessment framework complements the internal audits and helps the employees to monitor the internal controls they are responsible for. This system aids in building a robust control environment across the organization.

#### 14. INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Company has in place adequate internal financial controls with reference to the Financial Statements commensurate with the size, scale and complexity of its operations.

#### 15. COMPLIANCE MANAGEMENT

The Company has in place a comprehensive and robust legal compliance management online tool, which is devised to ensure compliance with all applicable laws. Automated alerts are sent to compliance owners to ensure compliances

within stipulated timelines. The compliance owners certify the compliance status which is reviewed by compliance approvers and a consolidated dashboard is presented to the respective functional heads and Compliance Officer. A certificate of compliance of all applicable laws and regulations is placed before the Board of Directors on a quarterly basis.

#### 16. CORPORATE SOCIAL RESPONSIBILITY

The Company has always believed in working for the betterment and uplift of society. Corporate Social Responsibility (CSR) has been practiced and ingrained over the years in the Company. The focus areas under CSR have remained consistent over the years and include education, health and hygiene, environment, Disaster Management and Rural development etc.

The Company has adopted the CSR Policy which is further amended in lines with the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.

The Composition of CSR Committee of the Board and Report on CSR activities is provided in **Annexure A** to this Report.

#### 17. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has adopted a Vigil Mechanism / Whistle Blower Policy. The Policy provides a mechanism for all directors, employees of the Company and persons dealing with the Company to report to the Chairman of the Audit Committee or Ethics Committee or Ethics Ombudsman any instance of unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct 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. The Whistle Blower Policy / Vigil Mechanism and Process flow has been made accessible to all employees.

The Company adopted online Ethics Helpline to report any suspected violations of code of conduct or any other ethical concerns or raise concern under Whistle Blower / Vigil Mechanism, through email / hotline / webmode. The Company had a tie-up with an independent third party specialist service provider "Integrity Matters" to handle concerns reported. Accordingly, the Vigil Mechanism / Whistle Blower Policy was amended which is uploaded on the Company's website (weblink: <https://www.kirloskaroilengines.com/documents/541738/4807df9b-9b90-fde0-0d89-61d9fd9de35e>)

No person has been denied access to the Audit Committee Chairman in this regard. There were no complaints filed / pending with the Company during the Financial Year under review.

#### 18. EXTRACT OF ANNUAL RETURN

As required under Section 92(3) read with 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 2023-24 is available on the web-link (<https://www.kirloskaroilengines.com/documents/541738/75a8914c-5fc4-5d7a-0bb4-2164220ff1e3>) and the Annual Return for Financial Year 2024-25 will be made available on the website of the Company once it is filed with the MCA.

## 19. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE AND OUTGO

Information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 and Rules thereof, including amendments thereunder, are provided in **Annexure B** to this Report.

## 20. ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) JOURNEY

The Board continues to have a sharp focus on Environmental, Social and Governance (ESG) agenda to ensure long-term value creation for all stakeholders through sustainable business practices.

The ESG Committee of the Company provides strategic guidance on ESG strategy. The review and progress made on ESG are reported to the Risk Management Committee, Audit Committee and Board of Directors periodically. For more details refer ESG section on page no. 39.

## 21. KEY INITIATIVES WITH RESPECT TO STAKEHOLDER RELATIONSHIP, CUSTOMER RELATIONSHIP, ENVIRONMENT, SUSTAINABILITY, HEALTH, SAFETY AND WELFARE OF EMPLOYEES

The key initiatives taken by the Company with respect to stakeholder relationship, customer relationship, environment, sustainability, health and safety are provided separately under various Capitals and Business Responsibility and Sustainability Report, as a part of this Report.

## 22. PARTICULARS OF EMPLOYEES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including amendments thereunder, are provided in **Annexure C** to this Report.

The particulars of employees pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including amendments thereunder, forms part of this report. In terms of Section 136 (1) of the Companies Act, 2013 and Rules thereof including amendments thereunder, the Board's Report is being sent to the shareholders without this Annexure. A copy of this annexure will be made

available in electronic form to the members on request raised by them on the dedicated email id of the Company at [investors@kirloskar.com](mailto:investors@kirloskar.com).

## 23. POLICY ON PREVENTION OF SEXUAL HARASSMENT (POSH)

The Company has in place a Policy for prevention of sexual harassment at workplace. This *inter-alia* provides a mechanism for the resolution, settlement or prosecution of acts or instances of sexual harassment at work and ensures that all employees are treated with respect and dignity. The Company has complied with the provisions relating to the constitution of Internal Complaints Committee (ICC) under the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013.

Code of Conduct Classroom training sessions have been conducted across the Company. The POSH Act, ICC as well as reporting mechanisms set up in the Company are covered as a part of this training.

There were no complaints filed / pending with the Company during the Financial Year under review.

## 24. GENERAL

During the Financial Year 2024-25:

- a. There were no public deposits accepted by the Company pursuant to provisions of the Companies Act, 2013 and Rules thereof, including amendments thereunder.
- b. There was no instance of fraud during the Financial Year under review, which required the Statutory Auditors to report to the Audit Committee and / or Board under Section 143(12) of Act and Rules thereof, including amendments thereunder.
- c. The Company has maintained cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and Rules thereof, including amendments thereunder.
- d. The Company has complied with all applicable mandatory Secretarial Standards issued by the Institute of Company Secretaries of India, New Delhi.
- e. To the best of our knowledge, the Company has not received any such order from Regulators, Courts or Tribunals, which may impact the going concern status or the operations of the Company in future.
- f. 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 under review of the Company to which the Financial Statements relate and the date of this Report.
- g. Neither any application has been made nor has any proceeding been pending against the Company under the Insolvency and Bankruptcy Code, 2016.

- h. Ms. Gauri Kirloskar (DIN: 03366274), Whole - Time Director designated as Managing Director of the Company, received commission of ₹ 6,00,000/- during the Financial Year 2024-25 from Arka Fincap Limited, Step down Subsidiary Company.
- i. Details of unclaimed dividends and equity shares transferred to the Investor Education and Protection Fund authority have been provided as part of the Notice of the Annual General Meeting.

## 25. AUDITORS

### a) Statutory Auditors

The Members of the Company at their meeting held on 12th August, 2021, appointed M/s. G. D. Apte and Co., Chartered Accountants, Pune (Firm Registration No. 100515W), as Statutory Auditors of the Company for a first term of 5 (five) consecutive years to hold office from the Annual General Meeting held on 12th August, 2021 till the conclusion of the Annual General Meeting to be held in the year 2026.

The Company has received from them the requisite certificate pursuant to Section 139 of the Companies Act, 2013 and Rules thereof, including amendments thereunder.

The Report given by the Auditors on the Standalone and Consolidated financial statements of the Company for the Financial Year ended 31st March, 2025, forms part of this Annual Report and does not contain any qualification, reservation or adverse remark or disclaimer.

### b) Cost Auditors

Your Company is required to maintain the cost records as specified by the Central Government under Section 148 (1) of the Companies Act, 2013. The Board of Directors at its meeting held on 14th May, 2025, on the recommendation of the Audit Committee, appointed M/s. Parkhi Limaye and Co. (Firm Registration No. 191), as the Cost Auditors of the Company for the Financial Year 2025-26 at a remuneration of INR 8,75,000/- (Rupees Eight Lakhs Seventy Five Thousand only). The remuneration payable to M/s. Parkhi Limaye and Co. is subject to ratification by the shareholders at the ensuing Annual General Meeting.

The Cost Audit Report for the Financial Year ended 31st March, 2025 will be filed as per the provisions of the Companies Act, 2013 and Rules thereof, including amendments thereunder with Ministry of Corporate Affairs (MCA). (Cost Audit Report for Financial Year 2023-24 was filed on 28th August, 2024).

### c) Secretarial Auditor

The Board of Directors at its meeting held on 14th May, 2025, on the recommendation of the Audit Committee,

considered and recommended for approval of the Members of the Company at its ensuing Annual General Meeting, the appointment of M. J. Risbud & Co., Practicing Company Secretaries, a Peer Reviewed proprietorship firm of Mr. M. J. Risbud, FCS - 810, CP - 185 and Unique Identification No. (UIN) - S1981MH000400, Peer Review Certificate No. 1089/2021 dated 9th February, 2021, valid for 5 years as Secretarial Auditor of the Company for a term of 5 (five) consecutive years from and including the Financial Year ended 31st March, 2026 to the Financial Year ended 31st March, 2030.

The Company has received the requisite certificate pursuant to Regulation 24A (1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereunder.

Mr. Mahesh J. Risbud, Practicing Company Secretary (PCS No. 185) has conducted the Secretarial Audit of the Company for Financial Year 2024-25, under Section 204 of the Companies Act, 2013 and Rules thereof including amendments thereunder.

The Secretarial Audit Report for the Financial Year ended 31st March, 2025 is provided in **Annexure D-1** to this Report and does not contain any adverse remark or qualifications.

Mr. Mahesh J. Risbud, Practising Company Secretary, Pune, has submitted Secretarial Compliance Report as laid down in SEBI Circular SEBI/HO/CFD/PoD2/CIR/P/0155 dated 11th November, 2024 and SEBI Circular CIR/CFD/CMD1/27/2019 dated 8th February, 2019 read with circular no. NSE/CML/ 2023/21 dated 16th March, 2023 and circular no. NSE/CML/ 2023/30 dated 10th April 2023 issued by National Stock Exchange of India Limited and notice no. 20230316-14 dated 16th March, 2023 and notice no. 20230410-41 dated 10th April, 2023 issued by BSE Limited ("Circulars"), and has also confirmed that the Company has complied with of all applicable SEBI Regulations and circulars / guidelines issued thereunder, for the Financial Year ended 31st March, 2025.

### d) Secretarial Audit of Material Unlisted Subsidiary

Arka Financial Holdings Private Limited (AFHPL) is a material unlisted subsidiary of the Company. The Secretarial Audit of AFHPL for the Financial Year 2024-25 was carried out pursuant to Section 204 of the Companies Act, 2013 and Rules thereof including amendments thereunder read with Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder. The Secretarial Audit Report of AFHPL has been submitted by M/s. Mayekar and Associates, Practicing Company Secretaries, Mumbai, FCS - 2071, COP - 2427, for the Financial Year 2024-25.



The Secretarial Audit Report is provided in **Annexure D-2** to this Report and does not contain any adverse remark or qualifications.

## 26. MANAGEMENT DISCUSSION AND ANALYSIS REPORT AND REPORT ON CORPORATE GOVERNANCE

The Management Discussion and Analysis Report and the Report on Corporate Governance as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereunder, forms part of this Annual Report.

A Certificate from the Statutory Auditors of the Company regarding compliance with conditions of corporate governance as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereunder, also forms part of this Annual Report.

## 27. BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (BRSR)

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, including amendment thereunder, the Business Responsibility and Sustainability Report (BRSR) for Financial Year 2024-25 is forming part of this Annual Report. The Company has voluntarily carried out the Limited Assurance through BDO India LLP's, for BRSR for Financial Year 2024-25, which also forms part of this Annual Report.

## 28. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 of the Companies Act, 2013, including rules made thereof and amendments thereunder, the Directors, based on the representations received from the Operating Management, confirm that:

- a) In the preparation of the Annual Accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- b) They have selected such accounting policies, and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the

Company as at 31st March, 2025 and of the profit of the Company for the year ended on that date;

- c) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding assets of the Company and for preventing and detecting fraud and other irregularities;
- d) They have prepared the annual accounts on a going concern basis;
- e) They have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively; and
- f) They have devised proper systems to ensure compliance with provisions of all applicable laws and such systems are adequate and operating effectively.

The aforesaid statement has also been reviewed and confirmed by the Audit Committee of the Board of Directors of the Company.

## 29. CAUTIONARY STATEMENT

Statements in this report, particularly those which relate to Management Discussion and Analysis Report, 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.

## 30. ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to extend our sincere gratitude to our shareholders, investor community, bankers, suppliers, business associates for their continuous support and commitment. Your Directors are thankful to the esteemed shareholders for their continued support and the confidence reposed in the Company and its Management.

I would like to express my appreciation to the Board of Directors for their valuable guidance, wisdom, and support in guiding the Company through this year. I look forward to working with them to drive KOEL to greater heights in coming years.

For and on behalf of the Board of Directors

Sd/-

**ATUL KIRLOSKAR**

CHAIRMAN

DIN: 00007387

Date: 14th May, 2025  
Place: Pune

## Annexure 'A' to the Board's Report

### Annual Report on Corporate Social Responsibility (CSR) activities for Financial Year 2024-25

[Pursuant to clause (o) of sub-section (3) of section 134 of the Companies Act 2013 including amendments thereof and Rule 8 of the Companies (Corporate Social Responsibility) Rules, 2014 read with Companies (Corporate Social Responsibility Policy) Amendment Rules, 2022]

#### 1. Brief outline on CSR Policy of the Company:

The Company has adopted the Corporate Social Responsibility (CSR) policy which is further amended in lines with the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021. Eligible funds for CSR activities will be expended in the areas of education, health and hygiene, environment, disaster management and rural development etc. through one or more trusts or directly. These CSR activities will be carried out through various programs or projects specified in the CSR policy.

#### 2. Composition of CSR Committee:

| Sl. No. | Name of Director                               | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---------|------------------------------------------------|--------------------------------------|----------------------------------------------------------|--------------------------------------------------------------|
| 1       | Mr. Rahul C. Kirloskar, Non-Executive Director | Chairman                             | 1                                                        | 1                                                            |
| 2       | Ms. Gauri Kirloskar, Managing Director         | Member                               | 1                                                        | 1                                                            |
| 3       | Dr. Shalini Sarin, Independent Director        | Member                               | 1                                                        | 1                                                            |

#### 3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company:

- **For Composition of CSR Committee** - (web link - <https://www.kirloskaroilengines.com/documents/541738/e24eee5b-9854-3d60-fec9-e7d2849d9132>)
- **For CSR Policy** - (web link - <https://www.kirloskaroilengines.com/documents/541738/781c6697-a239-c2d6-afdb-36fc8306ddfb>)
- **CSR projects approved by the Board** - (web link - <https://www.kirloskaroilengines.com/documents/541738/6de08d28-afe7-2442-dfca-f288dd75aa66>)

#### 4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable: NA

- Average net profit of the company as per section 135(5):** ₹ 359.67 Crore.
  - Two percent of average net profit of the company as per section 135(5):** ₹ 7.19 Crore.
  - Surplus arising out of the CSR projects or programmes or activities of the previous Financial years:** NIL
  - Amount required to be set off for the Financial year if any:** NIL
  - Total CSR obligation for the Financial year [(b)+(c)- (d)]:** ₹ 7.20 Crore. (As approved by the CSR Committee and Board of Directors)
- Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):** ₹ 7.20 Crore.
  - Amount spent in Administrative Overheads:** NIL
  - Amount spent on Impact Assessment, if applicable:** NA
  - Total amount spent for the Financial Year [(a)+(b)+(c)]:** ₹ 7.20 Crore.
  - CSR amount spent or unspent for the Financial year:**

| Total Amount Spent for the Financial Year. (in ₹) | Amount Unspent (in ₹)                                                 |                  |                                                                                                     |         |                  |
|---------------------------------------------------|-----------------------------------------------------------------------|------------------|-----------------------------------------------------------------------------------------------------|---------|------------------|
|                                                   | Total Amount transferred to Unspent CSR Account as per section 135(6) |                  | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5) |         |                  |
|                                                   | Amount                                                                | Date of transfer | Name of the Fund                                                                                    | Amount. | Date of transfer |
| 7,20,00,507/-                                     | NA                                                                    | NA               | NA                                                                                                  | NA      | NA               |



(f) Excess amount for set off, if any:

| Sl. No. | Particular                                                                                                  | Amount (in ₹) |
|---------|-------------------------------------------------------------------------------------------------------------|---------------|
| (1)     | (2)                                                                                                         | (3)           |
| (i)     | Two percent of average net profit of the company as per section 135(5)                                      | 7,19,35,000   |
| (ii)    | Total amount spent for the Financial Year                                                                   | 7,20,00,507   |
| (iii)   | Excess amount spent for the Financial Year [(ii)-(i)]                                                       | 65,507        |
| (iv)    | Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any | 0.00          |
| (v)     | Amount available for set off in succeeding Financial Years [(iii)-(iv)]                                     | 65,507        |

7. (a) Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years: Nil

| 1)      | 2)                        | 3)                                                                     | 4)                                                                | 5)                                         | 6)                                                                                                                                | 7)                                                                 | 8)                 |
|---------|---------------------------|------------------------------------------------------------------------|-------------------------------------------------------------------|--------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|--------------------|
| Sl. No. | Preceding Financial Year. | Amount transferred to Unspent CSR Account under section 135 (6) (in ₹) | Balance Amount in Unspent CSR Account under section 135(6) (in ₹) | Amount spent in the Financial Year (in ₹). | Amount transferred to a fund as specified under Schedule VII as per section 135(5), if any.<br>Amount (in ₹).<br>Date of transfer | Amount remaining to be spent in succeeding Financial Years. (in ₹) | Deficiency, if any |

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

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

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

| Sl. No. | Short particulars of the property or asset(s) [including complete address and location of the property] | Pin code of the property or asset(s) | Date of Creation | Amount of CSR amount spent | Details of entity/ Authority/ beneficiary of the registered owner       |
|---------|---------------------------------------------------------------------------------------------------------|--------------------------------------|------------------|----------------------------|-------------------------------------------------------------------------|
| (1)     | (2)                                                                                                     | (3)                                  | (4)              | (5)                        | (6)                                                                     |
|         |                                                                                                         |                                      |                  |                            | CSR<br>Registration Number, if Applicable<br>Name<br>Registered Address |

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

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub- section (5) of section 135. – NA

Sd/-  
**Rahul C. Kirloskar**  
(Chairman CSR Committee)

Sd/-  
**Gauri Kirloskar**  
(Managing Director)

## Annexure 'B' to the Board's Report

### A. Conservation of Energy

Moving into 2025, the transition from CPCB II to CPCB IV+ emission standards emphasizes the Indian government's commitment to environmental sustainability. This shift is expected to significantly enhance air quality, particularly in urban and industrial areas, while also fostering technological advancements in the diesel generator sector. Manufacturers will now need to invest in advanced technologies, including next-generation engines, electronic fuel systems, state-of-the-art after-treatment systems (ATS), and exhaust gas recirculation (EGR) systems to meet these stringent requirements.

At Kirloskar Oil Engines Limited (KOEL), we are committed to integrating Environmental, Social, and Governance (ESG) principles to create both financial and non-financial value. By prioritizing sustainable practices such as local sourcing, waste recycling, and reuse, we not only reduce operational costs and enhance efficiency but also improve our financial performance. Our ESG initiatives strengthen our brand, attract socially responsible investors, and foster customer loyalty. This commitment not only drives profitability but also ensures long-term, sustainable growth, aligning us with global best practices and stakeholder expectations. The adoption of CPCB IV+ standards represents a pivotal moment for the diesel generator industry in India, addressing the urgent need to reduce air pollution and promoting technological innovation and sustainability within the sector.

As part of our ongoing efforts, KOEL has successfully achieved a significant milestone in renewable energy usage, with approximately 50% of our electricity consumption sourced from our captive solar plant, micro wind turbines, solar charging stations, and the adoption of solar street lights. Additionally, we have reduced water consumption by around 25% through rainwater harvesting, the development of farm ponds, and the installation of water-efficient fixtures. However, the challenge of meeting CPCB IV+ norms and remaining competitive in the global market requires our collective focus.

The factory located at Kagal, Kolhapur, strongly supported the Government mission on with adoption of many drives on Energy and Water management. Other manufacturing units of KOEL also equally shared their responsibility towards Environment by adopting many initiatives for resource conservation and protection. With implementation of all these activities, KOEL is awarded and accolade at National level in the field of Energy and Water Management by reputed institutions CII, Institute of Directors, APEX India foundation etc.

#### I. The steps taken for energy conservation and its impact

##### Kagal Plant

- Installation of Vaayu unit for the windmill station
- Installation of solar water heater to replace electrical heaters at DV paintbooth

- Up-gradation of energy monitoring system
- Installation of digital water monitoring system
- Installation of online transformer monitoring system
- Installation of online compressor health monitoring system
- Procurement of dry type transformer
- Installation of reactive compensation panel to avoid electrical losses
- Celebration of Energy Conservation Week 2024

##### Khadki, Pune Plant

- Installation of battery operated guns instead of pneumatic guns
- Foot operated water taps
- Installation of energy efficient transformer
- Celebration of Encon week 2024

##### Nashik Plant

- Installation of water level controllers for cooling tower
- Installation of BLDC fans
- Replacement of conventional lights by LED
- Use of energy efficient motors
- Use of inverter AC instead of normal inverter
- Motion sensors at walkway and toilets

##### Bhare Plant

- Refurbishment of APFC panel for power factor improvement
- Installation of AHU's in testing area
- Replacement of conventional lights by LED

##### Rajkot plant

- Installation of solar water heater for paint booth.
- Installation of transparent roof dome with ventilation system
- Celebration of Encon week 2024.
- Installation of rainwater filtration system

#### II. Steps taken by the Company for utilizing alternate sources of energy

During the Financial Year under review, 49% (9952966 kWh) of total electricity energy consumption at Kagal plant, with an approximate savings of ₹ 7.32 Crore was through units generated from Solar Captive Power Plant and third party renewable energy purchase. This includes, 967830 kWh electrical units were purchased through third party open access renewable energy purchase mechanism.

For Khadki plant, 69% (5165355 kWh) of total electricity energy consumption was through Energy Purchased from third party and small captive solar plant.



For Nashik plant, 40% (300090 kWh) of total electricity energy consumption was through Captive solar power plant resulting into savings of ₹ 30.90 Lakhs.

### III. The capital investment on energy conservation equipment

The Company made a capital investment of ₹ 2.18 Crore on energy conservation equipment.

## B. Technology absorption

### i. Efforts made towards technology absorption

The Company continues to work closely with legislative bodies such as Petroleum Conservation Research Association (PCRA), Central Pollution Control Board (CPCB), Bureau of Indian Standard (BIS), research institutes such as Automotive Research Association of India (ARAI), Vehicle Research and Development Establishment (VRDE), Indian Institute of Technology (IIT), industry associations such as Indian Diesel Engine Manufacturers' Association (IDEMA) and Confederation of Indian Industry (CII). It also continues to work with OEMs and end customers and supplier partners to identify opportunities for design, development and improvements of products.

### ii. Benefits derived and results of above efforts, product improvements, cost reduction, product development, import substitution etc.

- Product development for 'Make In India' initiative
- FM/UL certified product range launched in global market
- CE Certified product range
- EPA certification for Tier 4F emission norms
- Enhancing features of products for domestic PG market
- New application development in High Horse Power (HHP) power segment like power car, fire pump
- Import substitutes developed for Fuel Injection Pump, Injector, Turbochargers, dampers etc.
- Developing engine technologies for alternate fuels

### iii. In case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year): NIL

### iv. The expenditure incurred on Research and Development

(₹ In Crore)

| Sl. No. | Particulars                         | FY 2024-25 | FY 2023-24 |
|---------|-------------------------------------|------------|------------|
| 1       | Revenue Expenditure                 | 119.95     | 101.76     |
| 2       | Capital Expenditure                 | 89.65      | 70.64      |
| 3       | Total R&D expenditure               | 209.59     | 172.40     |
| 4       | Total R&D expenditure as % to sales | 4.1%       | 3.6%       |

## C. Foreign exchange earnings and outgoes

Total foreign exchange used and earned

(₹ In Crore)

| Total Foreign Exchange used and earned | FY 2024-25 | FY 2023-24 |
|----------------------------------------|------------|------------|
| Used                                   | 228.49     | 187.27     |
| Earned                                 | 558.93     | 460.75     |

## Annexure 'C' to the Board's Report

### INFORMATION PURSUANT TO RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 INCLUDING AMENDMENTS THEREUNDER

| Sr. No. | Information Required                                                                                                                                                                                                                                                                                                                               | Input                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|---------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1       | The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the Financial Year                                                                                                                                                                                                                   | Please refer to Annexure 'C-1' of this Report                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 2       | The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial Year;                                                                                                                                                                           | Please refer to Annexure 'C-2' of this Report                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 3       | The percentage increase in the median remuneration of employees in the Financial Year                                                                                                                                                                                                                                                              | 11.10%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 4       | The number of permanent employees on the rolls of company                                                                                                                                                                                                                                                                                          | 2,476                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 5       | Average percentile increase already made in the salaries of employees other than the managerial personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration | <p>Average percentile increase in salaries of managerial personnel: 8.92 percentile</p> <p>Average percentile increase in salaries of non-managerial personnel: 18.64 percentile</p> <p>The salary increases are a function of various factors like individual performance <i>vis-à-vis</i> individual KRAs set and achieved, industry trends, economic situation, future growth prospects etc. besides Company performance. There are no exceptional circumstances for increase in the managerial remuneration.</p> |
| 6       | Affirmation that the remuneration is as per the remuneration policy of the company.                                                                                                                                                                                                                                                                | The remuneration paid to the Directors is as per the Nomination and Remuneration policy of the company.                                                                                                                                                                                                                                                                                                                                                                                                              |
| 7       | Particulars of employees posted and working in a country outside India, not being Directors or their relatives, drawing more than sixty lakh rupees per Financial Year or five lakh rupees per month.                                                                                                                                              | There are no such cases.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |



**Annexure to the Board's Report - Annexure "C-1"**

| Sr. No. | Name of the Director                                                  | Ratio of remuneration of each director to the median remuneration of the employees of the Company |
|---------|-----------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| 1       | Mr. Atul Kirloskar                                                    | 32.84                                                                                             |
| 2       | Ms. Gauri Kirloskar                                                   | 92.61                                                                                             |
| 3       | Mr. Rahul C. Kirloskar                                                | 6.22                                                                                              |
| 4       | Mr. Arvind Goel                                                       | 4.24                                                                                              |
| 5       | Mr. Mahesh Chhabria (upto close of working hours of 31st March, 2025) | 1.28                                                                                              |
| 6       | Mr. Vinesh Kumar Jairath                                              | 6.89                                                                                              |
| 7       | Mr. Satish Jamdar                                                     | 6.49                                                                                              |
| 8       | Dr. Shalini Sarin                                                     | 3.88                                                                                              |
| 9       | Dr. K. M. Abraham                                                     | 7.50                                                                                              |
| 10      | Mr. Yogesh Kapur                                                      | 5.43                                                                                              |
| 11      | Mrs. Purvi Sheth                                                      | 4.90                                                                                              |

**Note:** Median is computed on the basis of permanent employees on the rolls of the Company for the full Financial Year 2024-25 and Financial Year 2023-24.

**Annexure to the Board's Report - Annexure "C-2"**

| Sr. No. | Name of the Director/KMP                                              | Designation      | % Increase/(decrease) in the Remuneration |
|---------|-----------------------------------------------------------------------|------------------|-------------------------------------------|
| 1       | Mr. Atul Kirloskar                                                    | Director         | (4.36%)                                   |
| 2       | Ms. Gauri Kirloskar                                                   | Director and KMP | (42.77%)                                  |
| 3       | Mr. Rahul C. Kirloskar                                                | Director         | 464.00%                                   |
| 4       | Mr. Arvind Goel                                                       | Director         | 33.33%                                    |
| 5       | Mr. Mahesh Chhabria (upto close of working hours of 31st March, 2025) | Director         | (82.94%)                                  |
| 6       | Mr. Vinesh Kumar Jairath                                              | Director         | (14.29%)                                  |
| 7       | Mr. Satish Jamdar                                                     | Director         | 3.52%                                     |
| 8       | Dr. Shalini Sarin                                                     | Director         | 14.29%                                    |
| 9       | Dr. K. M. Abraham                                                     | Director         | (1.73%)                                   |
| 10      | Mr. Yogesh Kapur                                                      | Director         | (13.99%)                                  |
| 11      | Mrs. Purvi Sheth                                                      | Director         | 13.27%                                    |
| 12      | Mr. Rahul Sahai                                                       | CEO and KMP      | 128.30%                                   |
| 13      | Mr. Sachin Kejriwal (w.e.f. 9th May 2024)*                            | CFO and KMP      | NA                                        |
| 14      | Ms. Farah Irani (w.e.f. 12th November 2024)*                          | CS and KMP       | NA                                        |
| 15      | Mr. Aseem Srivastav (upto 31st December 2024)*                        | CEO (B2C) & KMP  | NA                                        |
| 16      | Ms. Smita Raichurkar (upto 23rd August 2024)*                         | CS & KMP         | NA                                        |

**Note:** \* KMP's were appointed / resigned during the year ended 31/03/2025. As such the remuneration of these KMP's is not considered.

## Annexure 'D1' to the Board's Report

### SECRETARIAL AUDIT REPORT

**[Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014] including amendments thereunder and pursuant to Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder]**

**FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2025**

To,  
The Members, of  
KIRLOSKAR OIL ENGINES LIMITED  
13, Laxmanrao Kirloskar Road, Khadki,  
Pune - 411 003.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by KIRLOSKAR OIL ENGINES LIMITED, (CIN L29100PN2009PLC133351) hereinafter called the Company. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on 31st March, 2025 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 31st March, 2025 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 Overseas Direct Investment, Foreign Direct Investment and External Commercial borrowing;
- (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) 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 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 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009/2021; [No incidence during the audit period, hence not applicable]
- (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.
- (ii) Listing Agreement under the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (Listing Regulations) entered into by the Company with the BSE Ltd. & National Stock Exchange of India Ltd.;

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

I further report that,

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the



Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance (except for Board/Committee Meetings held with shorter notice whenever required in compliance with SS 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 Meeting were taken unanimously during the audit period.

I further report that, there are adequate software 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 following events have occurred which could have bearing on the affairs of the Company:

During the year under audit period the company has formed a wholly owned subsidiary company Kirloskar International ME FZE in UAE and approved the investment within the limits of section 186 of the Act upto ₹ 1.5 Crores.

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

**Sd/-**

Proprietor - M. J. Risbud & Co; Company Secretaries

FCS No.: 810 CP No.: 185

UCN - S1981MH000400

PR - 1089/2021

UDIN: F000810G000337839

Place: Pune

Date: 14th May, 2025



To,  
The Members  
Kirloskar Oil Engines 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 test basis.
3. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the records. The verification was done on test basis/check lists basis to ensure that correct facts are reflected in records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
4. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Pune  
Date: 14th May, 2025



**Sd/-**

FCS No.: 810

C. P. No.: 185

UCN: S1981MH000400



## Annexure 'D2' to the Board's Report

### SECRETARIAL AUDIT REPORT

**[Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including amendments thereunder and pursuant to Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereunder]**

### SECRETARIAL AUDIT REPORT FOR THE PERIOD ENDED ON 31ST MARCH, 2025

To,  
The Members,  
ARKA FINANCIAL HOLDINGS PRIVATE LIMITED  
(CIN - U65993MH2021PTC363806)  
2504, 2505, 2506, 25th Floor, One Lodha Place,  
Lodha World Towers, Senapati Bapat Marg,  
Lower Parel, Delisle Road Mumbai, Maharashtra, India - 400013

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by ARKA FINANCIAL HOLDINGS PRIVATE LIMITED (CIN - U65993MH2021PTC363806) (hereinafter called "the company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the Financial Year ended on 31st March, 2025 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.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the Financial Year ended on 31st March, 2025 according to the provisions of:

- (i) The Companies Act, 2013 ("the Act") and the rules made there under;
- (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 there under;
- (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 (To the extent Applicable to the Company during audit period);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable:-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 *(Not Applicable to the Company during audit period)*
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; *(Not Applicable to the Company during audit period)*
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; *(Not Applicable to the Company during audit period)*
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 *(Not Applicable to the Company during audit period)*
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2015; *(Not Applicable to the Company during audit period)*
- (f) The Securities and Exchange Board of India (Registrars to Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; *(Not Applicable to the Company during audit period)*
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; *(Not Applicable to the Company during audit period)* and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 *(Not Applicable to the Company during audit period)*.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;

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

We further report that –

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, the agenda and detailed notes on agenda were sent in the prescribed time i.e. seven days in advance. However, 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. The Company has generally complied with the provisions of Secretarial Standards.

All decisions at Board Meetings & Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or the Committees of the Board, as the case may be.

We 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.

We further report that during the period under review,

- i. The Board of Directors of the Company at their meeting held on August 02, 2024 passed a resolution to approve Investment of an amount upto ₹ 25 Crores, in one or more tranches, in the Arka Hreem Real Estate Opportunities Fund I, a scheme of Arka Hreem Real Estate Opportunities Fund, a Category II Alternative Investment Fund registered under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
- ii. The Board of Directors of the Company at their meeting held on October 24, 2024, noted resignation of Mr. Vimal Bhandari

(DIN: 00001318) as Managing Director of the Company effective from October 23, 2024.

- iii. The Board of Directors and shareholders of the Company at their meeting held on October 24, 2024, passed a resolution to approve appointment of Mr. Samrat Gupta (DIN: 07071479) as Managing Director of the Company for a term of 5(five) years effective from October 24, 2024 and designated him as the Key Managerial Personnel of the Company.
- iv. The Board of Directors of the Company at their meeting held on January 27, 2025, noted resignation of Mr. Mahesh Chhabria (DIN: 00166049) as Non-Executive Non-Independent Director of the Company effective from April 01, 2025.
- v. The Board of Directors of the Company at their meeting held on February 19, 2025, noted resignation of Mr. Amit Kumar Gupta as Chief Financial Officer of the Company effective from February 18, 2025 and approved appointment of Ms. Ridhi Gangar as Chief Financial Officer of the Company effective from February 19, 2025.
- vi. The Board of Directors of the Company at their meeting held on March 25, 2025 passed a resolution to make an application with Reserve Bank of India ("RBI") for registration of the company as Core Investment Company ("CIC") & other related matters.
- vii. The Board of Directors of the Company at their meeting held on March 25, 2025, passed a resolution to approve equity investment for an amount upto ₹ 6,50,00,000 (Rupee Six Crores and Fifty Lakhs), in one or more tranches, in Arka Investment Advisory Services Private Limited, subsidiary of the Company.

We further report that during the audit period there was no other event/action having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, and standards.

For **Mayekar & Associates**  
**Company Secretaries**  
Firm U.I.N - P2005MH007400

Date: 02/05/2025  
Place: Mumbai  
U.D.I.N - F002071G000260197

**Sd/-**  
Partner  
FCS - 2071, COP - 2427

Note: This report is to be read with our letter of even date which is annexed as Annexure 'A' and forms an integral part of this report



To,  
The Members,  
ARKA FINANCIAL HOLDINGS PRIVATE LIMITED  
(CIN - U65993MH2021PTC363806)  
2504, 2505, 2506, 25th Floor, One Lodha Place,  
Lodha World Towers, Senapati Bapat Marg, Lower Parel,  
Delisle Road, Mumbai, Maharashtra, India, 400013

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.



For **Mayekar & Associates**  
**Company Secretaries**  
Firm U.I.N - P2005MH007400

Date: 02/05/2025  
Place: Mumbai  
U.D.I.N - F002071G000260197

**Sd/-**  
Partner  
FCS - 2071,COP - 2427

# Management Discussion and Analysis

## Economic review

### Global economy

In CY 2024, the global economy grew by 3.3%, exhibiting resilience amid the volatile global economic landscape. While the advanced economies recorded a growth rate of 1.8%, emerging market and developing economies (EMDEs) witnessed a 4.3% growth rate during the same period. The US economy grew at a steady pace owing to strong corporate earnings and high consumer spending. Europe on the other hand experienced a slower than expected growth due to hurdles in the manufacturing sector. In addition to this, the Middle East and Central Asia grew by 2.4 % whereas, Sub-Saharan Africa, Nigeria and South Africa grew by 3.8%, 3.1% and 0.8% respectively. On the brighter side, global inflation continued to ease due to aggressive tightening measures implemented by

central banks including the US Federal Reserve. In addition to this fall, energy prices have also contributed to the resilient global economic growth.

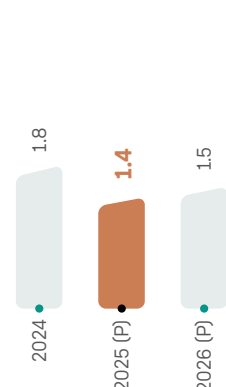
The continued uncertainties surrounding US tariffs are adversely affecting the credit profile of debt issuers across emerging global markets, such as corporations and financial institutions. However, in the coming years, the global economy is anticipated to demonstrate stable growth, while the EMDEs are anticipated to exceed the growth rate of advanced economies. Further to this, with decline in global inflation level, it is expected that global economic activities will rise. Along with this, the easing of monetary policies is expected to create a more favourable environment for sustained economic growth.<sup>1</sup>

### Growth in the Global GDP

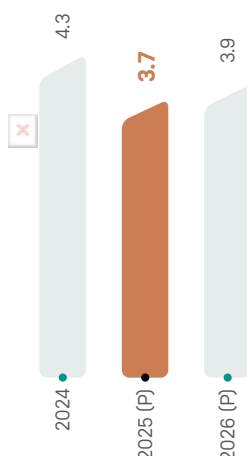
#### Global GDP growth (%)



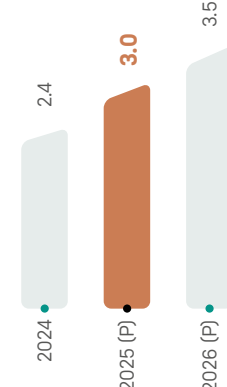
#### Advanced economies (%)



#### Emerging markets and developing economies (%)



#### Middle East and Central Asia (%)



P- projected

Source: World Economic Outlook, April 2025, IMF

### Indian economy

In FY 2025, India continued to remain one of the fastest-growing economies in the world, with its GDP growing by an estimated 6.5% amid a volatile global economic landscape.<sup>2</sup> Along with this, private consumption expenditure remained positive, signalling strong consumer confidence and sustained demand. Additionally, strategic interventions made by the Indian Government further helped in transforming the Indian economy into a business-friendly environment. Initiatives such as the China +1 strategy and 'Make in India' boosted investor confidence. Additionally, these initiatives remained crucial in driving manufacturing activities in the economy. Manufacturing exports, particularly in high value-added components such as electronics, semiconductors, defence equipment, pharmaceuticals, have displayed strength, reinforcing

India's growing stature in global value chains. Meanwhile, competing labour costs and strategic incentives such as the Production Linked Incentive (PLI) Scheme continued to support growth across various sectors in the Indian economy.

Additionally, in the reporting year, key sectors such as construction, trade, services and manufacturing continued to thrive as pillars of economic resilience. The growth of inward Foreign Direct Investment (FDI) remained strong and was valued at USD 67.7<sup>3</sup> billion in FY 2025. Further to this, FDI for the manufacturing sector increased in India, therefore, supporting the expansion of manufacturing activities in the economy.

<sup>1</sup> <https://www.imf.org/en/Publications/WEO/Issues/2025/04/22/world-economic-outlook-april-2025>

<sup>2</sup> <https://www.pib.gov.in/PressNoteDetails.aspx?NotelId=154840&ModuleId=3>

<sup>3</sup> <https://rbiidocs.rbi.org.in/rdocs/Bulletin/PDFs/0BULL22042025F03F83AE118C4B3B84E662D980C8DE33.PDF>



## Growth in FDI inflow

(USD in billion)



Source: Reserve Bank of India (RBI) Bulletin - April 2025

In the coming years, the Indian economy is anticipated to experience positive growth supported by rising consumer demand, improved investment activity and policy support. Moreover, the Indian economy is anticipated to surpass the German economy and become the third largest economy by 2028. Also, the tax relief introduced in the Budget 2025-2026 aims to boost the consumption level, ultimately contributing to the growth of economic activities, including manufacturing activities, in the coming years. Further to this, India is closely observing the evolving global tariff scenario while crafting a calibrated response such that it doesn't impact the economic growth in the coming years. Further to this, multiple global conflicts, especially persisting geopolitical tension, are causing short-term uncertainties to the global manufacturer and supply chain management, leading to disrupted flow of goods

and materials. India is closely observing the evolving global tariff scenario while crafting a calibrated response.

## Company overview

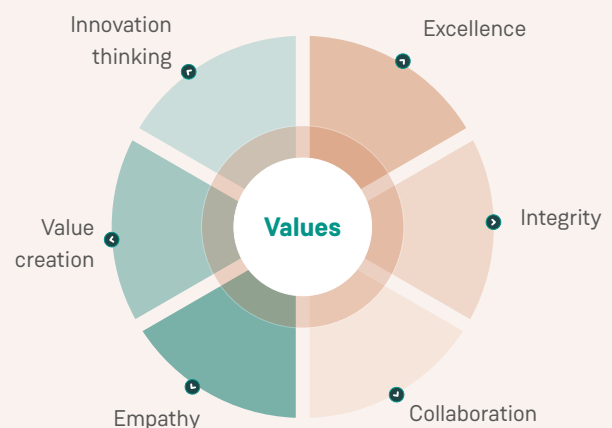
Kirloskar Oil Engines Limited (KOEL) is a leading manufacturer of internal combustion engines and generator sets, with a strong presence in both domestic and international markets. While it is best known for its leadership in power generation, KOEL also offers solutions in farm mechanisation and water management. The Company manufactures world-class air-cooled and liquid-cooled engines for generator sets ranging from 3 kVA to 12000 kVA and supplies engines for construction, earth-moving, marine applications, mining, rail, fluid handling and Agri segments. KOEL serves a wide array of sectors including residential, telecom, infrastructure, defence, hospitality, data centres, manufacturing, railways, mining, agriculture, and fisheries.

In addition to diesel engines, KOEL provides alternative fuel solutions such as biodiesel, natural gas, Hydrogen Fuel Enhanced Combustion (HFEC) engines and biogas engines. It is among the top global genset brands and has the largest fleet of IoT-connected DG sets. KOEL has a robust global distribution network, with offices in Dubai, South Africa, and Houston (USA). The Company's advanced Research & Engineering Facility ensures compliance with the most stringent emission and noise regulations. Its broad product portfolio spans power generation, industrial engines, firefighting systems, farm equipment, electric motors, and water solutions.

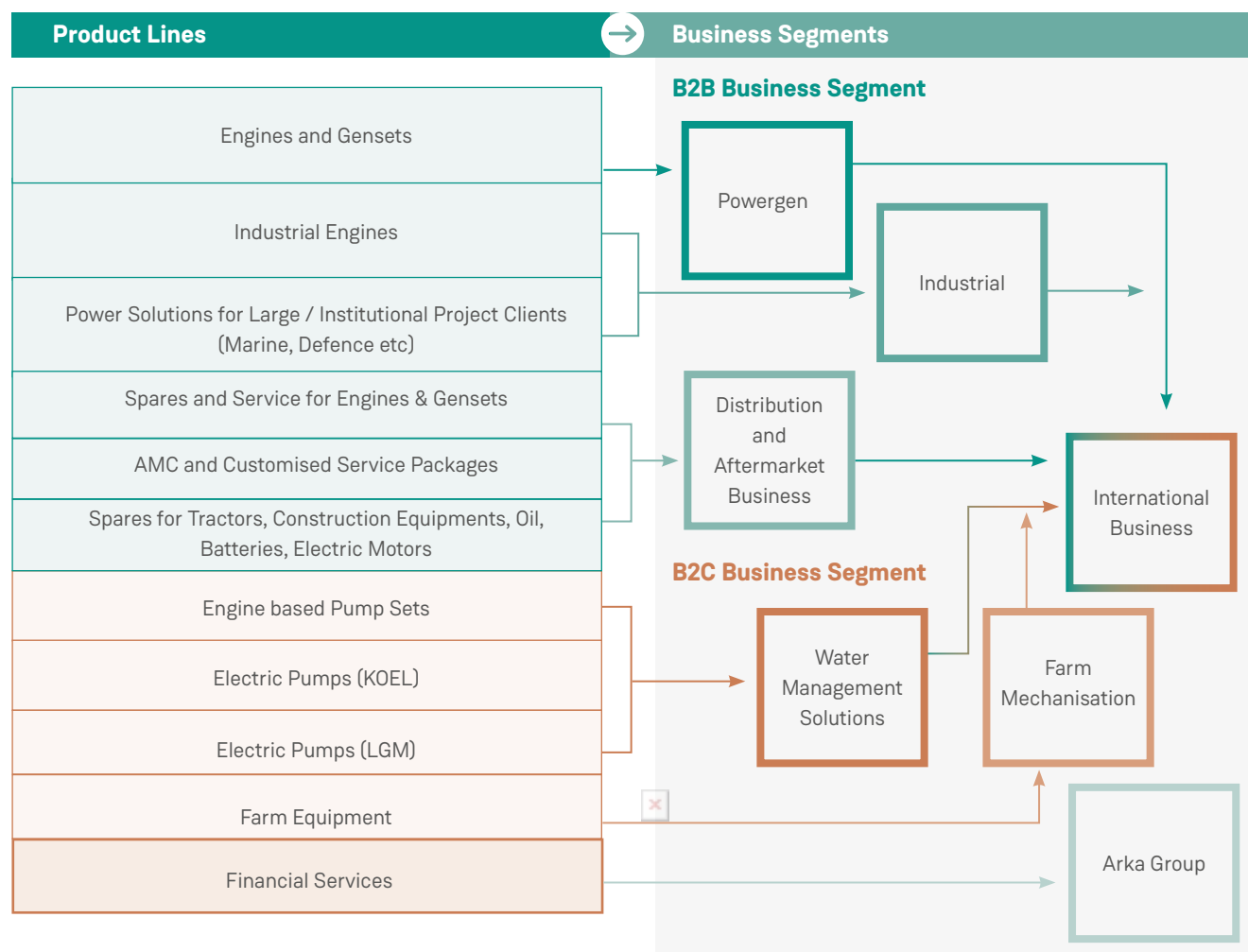
With a strong focus on customer-centric innovation and value creation, KOEL continues to evolve while embedding sustainability across its operations and offerings.

## Key highlights for FY 2025

- Highest ever standalone revenue from operations ₹ 5,113.3 Crore
- Transition of B2B portfolio to CPCB IV+ and BSV emission norms
- Successful launch and sales of Optiprime solutions
- The Distribution and Aftermarket Business and Industrial Business witnessed Double-Digit Growth
- LGM has consolidated five of its pump manufacturing units into a single plant at Sanand



### Business segments of KOEL



### Growth strategy

KOEL aspires to become a USD 2 billion Company in the next 5 years at a consolidated level

#### Long-term growth strategy





## B2B

KOEL'S B2B business operates primarily in the power solutions space, offering a wide range of products including internal combustion engines, fuel-agnostic gensets, and customised power systems. KOEL caters to critical sectors such as infrastructure, healthcare, hospitality, data centers, defense, and industrial applications both in India and globally. Backed by strong technological capabilities, KOEL's advanced R&D focuses on developing eco-friendly, emission-compliant solutions. Its innovations, such as the IoT-enabled gensets and the hybrid technology-driven Optiprime series, reflect KOEL's commitment to efficiency and sustainability. Complementing its technological strength is a widespread service network of over 450 service outlets and 3,000+ trained professionals, supported by digital platforms like Kirloskar Remote Monitoring (KRM) to ensure proactive maintenance and fast service delivery.



## Powergen Business

KOEL is one of the world's largest power generating set manufacturers. The Company specialises in manufacturing air-cooled and water-cooled engines and diesel-generating sets across a wide range of power outputs ranging from 3 kVA to 12000 kVA. The Company maintains a strong customer focus and consistently upholds the highest quality standards. These efforts have helped the Company to secure and sustain its leadership position in the market. The Company's strong Research and Engineering facilities and advanced emission test labs have helped it ensure that its

products are eco-friendly and comply with the latest emission norms. In addition, the engines and diesel generators of KOEL are certified for stringent noise and exhaust emission norms as per the Central Pollution Control Board, India.

### Key product offerings

- Fuel Agnostic Gensets
- Energy Storage Solutions
- Dual Fuel Solutions

## Global Powergen Business

The global power generation industry grew and attained a market size of USD 2072.06 billion in CY 2024<sup>4</sup>. This growth can be attributed to the rise in power consumption and implementation of supportive policies by governments worldwide aimed at augmenting the energy infrastructure. The year under review witnessed a faster than average rise in the global demand for energy.

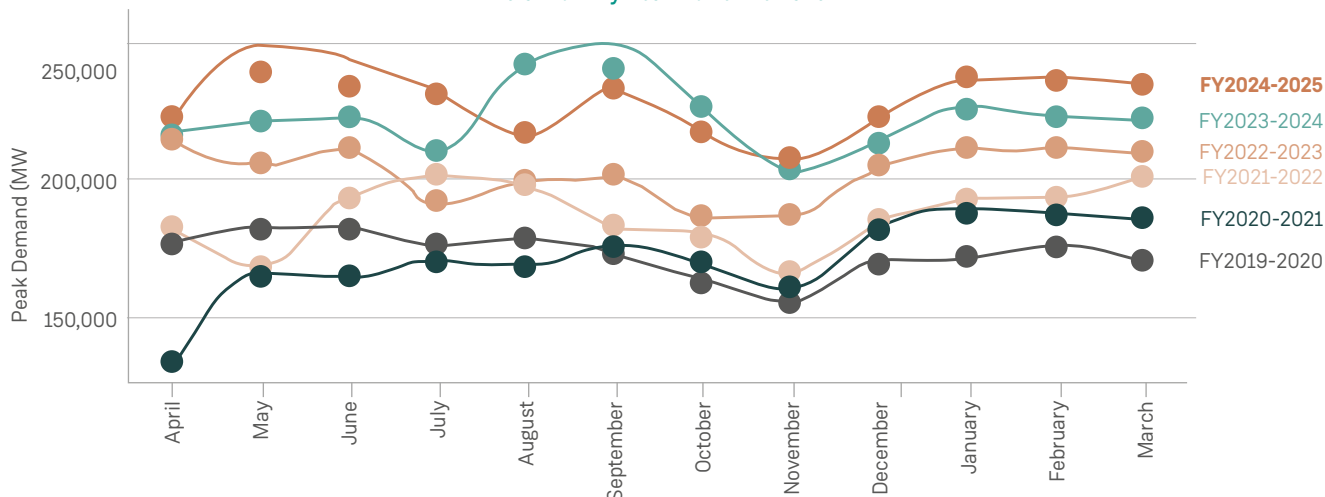
The global power generation industry is anticipated to grow at a CAGR of 6.5% from CY 2024 to CY 2025 and attain a market size of USD 2,206.27 billion by CY 2025.<sup>5</sup> This growth in the power generation industry is anticipated to be propelled by heightened demand of electricity due to the electrification of railways, development of public transportation and increased adoption of electric vehicles globally. Further to this, the rising demand for cooling solutions to reduce temperature, is anticipated to contribute to the growth of the global power generation industry as well.

## Indian Powergen Business

The growth in India's power industry is primarily driven by the growing need of electricity. This ascending need is propelled by rapid urbanisation and a rise in industrialisation. In the reporting year, the electricity demand rose to 250.1 GW, growing at an estimated rate of 4.2% in comparison to the previous financial year. In addition, during the reporting year, the total electricity generated in India was 1,821 billion units, marking a 5% growth from FY 2024.<sup>6</sup>

Government policies are also playing a crucial role in elevating the demand of electricity in India. Policies, such as, 'Make in India', Pradhan Mantri Awaas Yojana - Gramin (PMAY-G) and the allocation of ₹ 11.21 lakh crore for infrastructure development in FY 2026<sup>7</sup> will further exacerbate the demand for power supply. This presents a crucial opportunity to the players in this sector to capitalise on this demand with their offerings.

India Monthly Peak Power Demand<sup>8</sup>



<sup>4</sup> <https://www.thebusinessresearchcompany.com/report/power-generation-global-market-report>

<sup>5</sup> <https://www.thebusinessresearchcompany.com/report/power-generation-global-market-report#>

<sup>6</sup> <https://energyandcleanair.org/publication/india-power-sector-overview-fy-2024-25/#>

<sup>7</sup> [https://www.ey.com/en\\_in/technical/alerts-hub/2025/02/budget-2025-infrastructure-sector](https://www.ey.com/en_in/technical/alerts-hub/2025/02/budget-2025-infrastructure-sector)

<sup>8</sup> <https://energyandcleanair.org/publication/india-power-sector-overview-fy-2024-25/#>

### Performance of the Powergen Business

With the completion of CPCB IV+ transition, the Company's products are now strictly compliant with CPCB IV+ norms. The Company's innovative capability was highlighted in the enhancement made to the Optiprime series of generating sets. The unique concept of housing two engines and alternators in a single enclosure was well received by the market.

Further, the Optiprime range of generators are anticipated to compete in the HHP segment, thereby presenting KOEL with an opportunity to serve the data centres, hospitality sector and commercial spaces. In addition to this, KOEL has developed in-house genset controllers. These controllers will provide KOEL a strategic advantage and operational flexibility. Additionally, in the coming year, the growth of the genset business of KOEL will be benefited by increased government spendings for infrastructure development. We are the only Company that can provide CPCB IV+ complaint gensets above 800 KW for the Indian market.

**3%**

Y-o-Y revenue growth



### Industrial Business

The Industrial engines business segment of the Company provides a range of industrial engines ranging from 20 hp to 1100 hp. These engines are tailored to meet the diverse needs of customers across the globe. KOEL manufactures a variety of diesel engines catering to various Industrial applications across six sectors in the economy. Additionally, the products of the Company are emission-compliant and fulfil Bharat Stage V emission norms.

#### Key product offerings

- Earth Moving
- Construction
- Material Handling
- Agriculture
- Marine
- Defence
- Rail
- Fluid handling

### Global Industrial Business

The global industrial sector remains robust, with key industries, such as construction, mining, railway, defence, nuclear, marine, agriculture and fluid handling poised for significant growth. The global industrial engines industry attained a market size of

USD 436,195.96 million<sup>9</sup> in CY 2024. The industrial engines serve as a critical component by powering machinery in construction, mining, agriculture and manufacturing industries. During the year, the global industry experienced rapid evolution supported by advancements in technology and increased demand across different sectors. In addition, the integration of the Internet of Things (IoT) and Artificial Intelligence (AI) has emerged as a significant trend as it enables real-time monitoring, predictive maintenance and enhanced operational efficiency. Moreover, the industry experiences diverse regional growth depending on the level of industrialisation and infrastructural development. The Middle East and African region displayed growth potential supported by rise in the investment for in energy and mining. In addition to this, North America remained a dominant player, supported by growth in the construction and mining activities. In addition to this, the Asia-Pacific region remained the fastest-growing region for industrial engines, driven by rapid industrialisation and infrastructure development.

The overall market scenario remains positive, with a strong outlook for the future, driven by increased infrastructure spending, technological advancements and the push for sustainable solutions. Further, the global industry is anticipated to grow at a CAGR of 5.1% from CY 2025 to CY 2033 and attain a market size of USD 682,505.4 million by CY 2033.<sup>10</sup> In addition to this, the North American region will experience increased demand for advanced engine technologies to remain aligned with its rigorous emission regulations.

### Indian Industrial Business

In FY 2025, the Indian industrial segment was expected to grow by 6.2%, driven primarily by strong growth in power generation and construction activities.<sup>11</sup> During the reporting year, the Index of Industrial Production grew by 2.9%, with sectoral contributions led by electricity (6.2%), manufacturing (3.0%) and mining (2.6%). The competitive landscape of Industrial business underwent rapid evolution, influenced by both domestic initiatives and international collaborations and a concerted push towards self-reliance across multiple sectors. This positioned all competing players in the industry to effectively meet the evolving demands of both domestic and international markets. The manufacturing sector remained a preferred destination for Foreign Direct Investment (FDI), owing to factors such as a large domestic market, skilled workforce, strategic proximity to key global trade routes and ports. Moreover, relevant government policies and schemes such as the Production Linked Incentive (PLI) scheme and repositioning of global supply chains under the China+1 strategy have further augmented the growth of the Indian manufacturing sector. Additionally, the Make in India initiative introduced by the Indian Government to strengthen the domestic manufacturing sector will further create demand for industrial engines across sectors such as Defence, Nuclear and Rail.

In the years ahead, the PLI scheme along with a series of structural reforms, such as corporate rate cuts, investment incentives and heightened infrastructure spending will augment the production and manufacturing activity in India. This heightened activity will integrate the nation into the global supply chain. Further, the construction and mining industry is expected to grow to support the growing needs of infrastructure. All factors combined, the

<sup>9</sup>[https://www.globalgrowthinsights.com/market-reports/industrial-engines-market-105734#:~:text=The%20global%20industrial%20engines%20market,period%20\(2025%E2%80%932033\)](https://www.globalgrowthinsights.com/market-reports/industrial-engines-market-105734#:~:text=The%20global%20industrial%20engines%20market,period%20(2025%E2%80%932033))

<sup>10</sup><https://www.globalgrowthinsights.com/market-reports/industrial-engines-market-105734>

<sup>11</sup>[https://www.pib.gov.in/PressReleasePage.aspx?PRID=2097919#:~:text=Industry:%20AI%20about%20Business%20Reforms%20\\*%20The,supporting%20the%20establishment%20of%20SAMARTH%20Udyog%20centres](https://www.pib.gov.in/PressReleasePage.aspx?PRID=2097919#:~:text=Industry:%20AI%20about%20Business%20Reforms%20*%20The,supporting%20the%20establishment%20of%20SAMARTH%20Udyog%20centres)



demand for industrial engines is expected to witness a positive trajectory of growth.

### Performance of the Industrial Business

During the reporting year, the Industrial business unit exhibited strong growth. This growth was supported by strategic innovation, cost management and market diversification. The Industrial business unit has achieved ₹1,132.8 Crore despite industry challenges. KOEL has launched the CEV BSV compliant engines in the power range of 49HP, 74.5HP and 110HP for application in construction sector. KOEL has further enhanced engine-powered product portfolio by completing development of 130 HP, CEV BSV engine. The Industrial business segment of the Company remained focused on channel growth, aiming to strengthen its business acquisition initiatives. During the year under review, KOEL has upgraded all its engines from CEV-BSIV to CEV-BSV applications within the stipulated time and the OEM could successfully launch their products in the Indian off-highway market

The outlook for the Industrial engine business segment remains promising, supported by substantial growth opportunities across multiple segments. Strategic investments in technology, adherence to environmental standards and active participation in government initiatives will be crucial in order to capitalise on these prospects. By aligning with the national priorities and global trends, KOEL is anticipated to strengthen its position in both domestic and international markets. The Industrial Business Segment of the Company remains focused on the development of new products across various segments to expand its product portfolio and meet the market demand. The Company is developing HHP series engines and 400 HP series engines required for rail maintenance applications. In addition to this, the Company has also initiated the supply of 500KVA CPCB4+ diesel alternating sets for Power Car application in Indian Railways. KOEL has developed new ratings for firefighting applications. This is anticipated to pave the way to more opportunities of growth for the industrial engines segment.

12%

Y-o-Y revenue growth



### Distribution and Aftermarket Business

The Distribution and Aftermarket business of KOEL is focused on consistently delivering its customers a seamless and smooth experience through its services and products. The deep understanding of customer expectations remains an integral component for the Company. This helps the Company to ensure that the services offered are aligned to the evolving needs of the consumers. The Distribution and Aftermarket business of the Company is categorised into Service channel, Direct channel and Retail channel.

#### Key Channels

- Service channel
- Direct channel
- Retail channel



### Distribution and Aftermarket Business

#### Performance of Distribution and Aftermarket Business

During the reporting year, the Distribution and Aftermarket Business Unit generated a revenue of ₹ 843 crore compared to the ₹ 749 crore generated in the previous fiscal. This growth can be attributed to the launch of new products, improved service penetration, augmented market share and improvement in the assured customer retention index.

Implementation of stringent emission norms in the power generation and construction equipment vehicle industry will present the Company with an opportunity to enhance its service penetration. Some of these services include offerings such as Remote Monitoring Services and Diagnostic Support. In addition, the Company is expected to enhance its offerings and diversify its retail channel across Eastern and Southern India. Along with this, the key account management is expected to help the Company grow its distribution and aftermarket business through improvement in share of wallet of the business from key customers.

#### Service Channel

The Kirloskar CARE brand is well acclaimed for its strong after sales service for Kirloskar Powergen and Industrial products. The Company has a strong and digitally connected network of service outlets with trained service personnel across India. The Company has placed significant emphasis in ensuring proper training of its technicians and consistent availability of necessary diagnostic tools and parts across the channel.

In alignment with the evolving market trends, including the wide use of industrial engines and shifting diesel generator set usage patterns, the Company strives to restructure its service channel. The Service Dealer optimisation strategy will enable the dealer partners to become self-sufficient and viable and help KOEL to support its aspirations for providing services to its customers. The Company's innovative service offerings, such as Bandhan (Branded AMCs for Retail Customers) and Extended Warranty are developed to ensure long term customer retention.

The Company has been utilising its state-of-the-art Rapid Response Centre to remotely monitor and track the performance of its CPCBIV+ Gensets in the field through remote monitoring. This has helped the Company to serve its customers better through proactive and timely addressal of issues. An upgraded Regional Capability Centre was inaugurated by the Company at Bangalore. This was established to provide training to the technicians in order to keep them aligned with ongoing technological advancements in the products of the Company. The Company also plans to upgrade the Regional Capability Centres at Delhi and Kolkata in FY26.

450+

Service Touchpoints

**3000+**

Trained Service Engineers

#### Direct Channel

The direct channel comprising a strong workforce team, was established to offer differentiated support and services to its key account customers. KOEL has introduced a re-manufactured line of products, called Kirloskar Nulife. Through this line of products, the Company aims to offer its esteemed customers lower operational costs and reliable products. These products are backed by factory-built warranty terms and the Company ensures complete aftermarket support. Further to this, the Kirloskar Nulife brand helps the Company to upgrade its genset to the current emission norms without having to invest heavily in a new Genset.

#### Retail Channel

The Retail Channel sells spare parts for agriculture and construction equipment and other allied products. During the year under review, KOEL has introduced multiple new parts such as Filters, Fast Moving Consumables, Batteries, Fluids and other spares related to Agriculture and Construction Equipment Vehicles. Further, the retail channel comprises a large chain of distributors with access to local retailer outlets. In the years ahead, KOEL will focus on optimising its resources and strengthening its distributor network in order to support its growth ambitions.

**400+**

Distributors

**13%**

Y-o-Y revenue growth



#### International Business

#### Performance of International B2B business

The international presence of the Company has expanded significantly with positive export in Southeast Asia, Europe, the Middle East and Africa. To expand its international business and in the existing markets, KOEL expanded its global team and enhanced the engagement with customer. To enhance its presence in the marine business, the Company ventured into the UAE and finalised marine business dealers in South Africa, Bangladesh and the UAE. Further to this, the Company remained focused on its product development and in the reporting year, it developed new products catering to the coal mining across the African region. Further to this, KOEL also launched the Optiprime Dual Core 1000 kVA generator and it is the worlds smallest footprint for a 1000 kVA genset. A significant portion of KOEL's revenue came from its

overseas Powergen business, particularly in the Middle East and Northern Africa (MENA), Sub-Saharan Africa and Asia-Pacific (APAC) regions. We are now executing HHP orders also in the international markets.

Throughout the reporting year, the Company remained focused on strengthening its presence in its key regions. KOEL is also exploring growth opportunities across African region through expanding its presence and implementing relevant strategies. On the industrial engine front, KOEL is developing engines for construction activities as well as UL/FM approved engines for firefighting. With a strong focus on both domestic and international markets, KOEL is solidifying its position as a trusted leader in engine and power generation business segment.



#### Strengths

- The B2B business segment of the Company offers a diverse range of products. The products are carefully tailored to the needs of the customers. This approach helps the Company to retain and build strong relationships with its customers.
- KOEL has a long legacy of being one of the world's largest manufacturers of power generating sets. The Company's strong focus on R&D helps it to maintain a significant position and enables it to evolve consistently to meet the shifting needs of the industry.
- The constant effort to new markets globally has facilitated an increase in its international sales.
- The digitally connected state-of-the-art manufacturing facilities enable the Company to offer superior-quality products, enhance operational efficiencies and further strengthen its B2B business segment.



#### Opportunities

- In the Budget Estimates, the capex expenditure has been allocated 3.1% of the GDP<sup>12</sup>. This is anticipated to boost infrastructural development across India, thereby creating demand for the B2B business of KOEL.
- The China+1 strategy, which is globally agreed, will lead to growth in the manufacturing activities within India, thereby creating growth opportunities for power generator solutions, industrial engines and aftersales services.

<sup>12</sup><https://www.india.gov.in/spotlight/union-budget-2025-2026>





### Risks

- KOEL's B2B business segment needs to comply with the evolving emission norms. Failure to do so can lead to non-compliance penalties, revenue loss and most importantly, weaken its position in the industry .
- Inability to maintain a stable supply chain to support its operations will negatively impact KOEL's procurement of raw materials and components.
- The B2B business of the Company operates in a highly competitive environment where the industry is shaped by rapid innovation and differentiation pressure. Failure to stay ahead of the competition can weaken the Company's position in the industry.



### Threats

- Aggressive trade policies, along with increased import tariffs and carbon taxes, have impacted the industrial sector, thereby undermining the competitiveness of Indian manufacturers in international markets.
- Entry of new low-cost players within the automotive industry is a huge challenge, as the availability of cheaper alternatives can undermine KOEL's position in the Power genset industry.

## B2C

The B2C segment of KOEL is engaged in providing water management systems and farm mechanisation products. The Company focuses on providing affordable and reliable products and caters to the demand of water pumps and farm machinery in the agricultural sector. Generally, under the B2C business segment, the consumer's convenience is prioritised while maintaining its sales. The Company also offers after-sales services and customer support, which leads to strong customer relationships and increased customer retention. In FY 2025, the B2C segment of the Company demonstrated a net total revenue growth by 2% in comparison to the previous financial year. Additionally, in FY 2025 new products such as MMB – AdvantACE and VSWA, variants in Industrial Monoblock 0.5 to 2HP, Sewage Pumps series from 1 to 10HP, Inline circulation pumps and motors were introduced.



## Water Management Solutions (WMS)

Kirloskar pump sets have been in use among the farmers to draw water and irrigate their fields, making it very popular in rural India. The WMS business segment of KOEL offers a variety of products for agriculture and commercial usage. The water solution verticals offer long-lasting product lines, including Diesel engine and pump sets and electric pump sets. Moreover, the Company is known for its leadership position in the diesel engines and pump sets industry.

### Key product offerings

- Diesel Engines
- Electric Pumps
- Engine-Based Pumpsets

## Global WMS

The global agricultural pump industry attained a market size of USD 5.74 billion in CY 2024.<sup>13</sup> This growth in the global industry was propelled by the global rise in population, driving the demand for agricultural productivity and efficient irrigation solutions. The need for agricultural pumps witnessed a global rise due to the need to optimise water use in areas experiencing erratic weather patterns and scarce water resources. The end users generally consisted of small to large-scale farmers, agricultural cooperatives and farm management globally.

In the coming years, the global agricultural pump industry is anticipated to grow at a CAGR of 7.18% and attain a market size of USD 8.75 billion by 2030. This expected growth in the global industry will be supported by a global shift towards sustainable farming practices.

## Indian WMS

The Indian pumps market is highly fragmented, with large number of manufacturers catering to various end-user sectors. Among these, the small-scale units in the unorganised sector caters to the agricultural and domestic needs. The Indian pump industry can be divided into surface suction pumps, submersible pumps and floating pumps. Among them, the submersible pumps are the preferred choice in the agriculture sector. It held the highest share in the Indian Water Pumps industry during the reporting year. Additionally, with a significant portion of India's population dependent on agriculture for livelihood, efficient water management is crucial for crop cultivation, the agriculture segment holds the highest share in the India Water Pumps Market in terms of end usage.

In the coming years, the Indian agricultural pump industry is anticipated to grow until 2028, driven by increased technological

<sup>13</sup> <https://www.researchandmarkets.com/report/agricultural-pump?srsltid=AfmBOorj7VxJSS6fa9ZPX2IPNKK1jMBd3F5JX1s5VPLdEvFjiwhHZgX>

advancements and expansion in solar pump installations. Additionally, the industry is anticipated to benefit by the integration of smart technologies such as IoT and AI in water pumps that will support real-time monitoring and control of irrigation systems, improving water use efficiency and reducing operational costs.

#### Performance of WMS

During the reporting year, the Water Management Solutions Business Unit generated a revenue of ₹ 542 crore compared to the ₹ 508 crore generated in the previous fiscal.

**7%**

Y-o-Y revenue growth



#### Farm Mechanisation Solutions (FMS)

The FMS uses machinery to improve productivity and efficiency in the agriculture sector. Our Farm Mechanisation products created to empower small and marginal farmers with innovative farm machines are sold under the Kirloskar Brand. We follow the procedure of gaining a deep understanding of farmers' needs before the development of new products. The Company has rich expertise in engineering innovative solutions catering to the requirements of the agricultural sector.

##### Key product offerings

- Power Tillers
- Power Weeder
- Rotary Tiller
- Hand-Held Tools
- Mechanised Implements

#### Global FMS

Historically, the global Farm machinery and equipment industry experienced strong growth and in CY 2024, it attained a market size of USD 221.3 billion.<sup>14</sup> This growth in the global industry can be attributed to rising food demand, labour shortages and advanced technologies like precision farming and autonomous machinery. Moreover, the integration of advanced farm machinery offered various opportunities to the farmers by allowing them to ensure real-time monitoring and reduce time, as well as effort and yet attain a higher yield.

In the coming years, the global farm machinery and equipment industry is anticipated to experience strong growth and by CY 2029, it is anticipated to attain a market size of USD 295.1 billion.<sup>15</sup> This growth in the global industry is expected to be supported by precision agriculture advancement, data analytics and adoption to sustainable farming practices.

#### Indian FMS

The Indian agricultural machinery industry includes various tools and irrigation systems that help in improving farm efficiency and agricultural productivity. In the reporting year, the government remained focused on encouraging the farmers to adopt advanced technologies, such that it led to enhanced farming efficiency and productivity by mechanising processes. Initiatives such as Pradhan Mantri Kisan Samman Nidhi and subsidies for agricultural machinery purchases have also encouraged farmers to adapt to advanced technologies.

Further to this, increased adoption of farm mechanisation solutions will minimise waste in the agricultural output. Additionally, the migration of rural workers to cities, supported by growing urbanisation in India, is creating a shortage of rural labourers and this is anticipated to increase the investment for machinery to improve cost efficiency. In addition to this, the growth in the Indian farm mechanisation industry is expected to be supported by expansion in the services offered by Agtech industry and supportive government policies.

#### Performance of FMS

During the reporting year, the Farm Mechanisation Solutions Business Unit generated a revenue of ₹ 48 crore compared to the ₹ 87 crore generated in the previous fiscal.



#### International Business

##### International Performance of KOEL's B2C business

B2C business segment of KOEL is present internationally, offering a wide range of products and services related to WMS and FMS. During the reporting year, International B2C Business Unit generated a revenue of ₹ 49 crore compared to the ₹ 29 crore generated in the previous fiscal.



##### Strengths

- Leveraging its brand trust and market leadership, KOEL's WMS business is well established with a diversified product portfolio.
- The Company's B2C business segment boasts a strong distribution channel across India with a well-connected rural network.
- KOEL's B2C business segments offer products that are specially built to meet the need and affordability of small and marginalised farmers.

<sup>14</sup> <https://www.giiresearch.com/report/tbrc1675253-farm-machinery-equipment-global-market-report.html#>

<sup>15</sup> <https://www.thebusinessresearchcompany.com/report/farm-machinery-and-equipment-global-market-report>





### Opportunities

- With the growth of the Agriculture sector, urbanisation industrial and manufacturing expansion there will be demand for reliable water supply and efficient irrigation facilities, thereby, offering growth opportunities for KOEL's B2C business.
- In alignment with technological advancements, focus on energy efficiency focus and digitalisation, growing opportunities in the export market are anticipated to promote innovation in the B2C business of KOEL, thereby supporting its growth and profitability.
- The international expansion of the B2C business segment is offering KOEL further growth opportunities to diversify its revenue-generating streams through leveraging on its strong product innovation and manufacturing capabilities.



### Risks

- WMS of KOEL operates in a competitive business environment where a large number of unorganised players are present, pressuring pricing and market share of the Company despite its organised distribution.
- The growth in the B2C business of the Company is related to the change in the rainfall pattern of the country, therefore, resulting in revenue volatility.



### Threats

- Price pressure from the unorganised sector and volatile raw material prices pose an immediate challenge for KOEL's B2C business segment by undermining its cost efficiency and production level.

## Supply Chain

KOEL strives to create resilient supply chain facilities for its raw materials and finished products, such that it meets the evolving demand of consumers. The Company sources around 90% of its raw materials from local suppliers, which protects it from global uncertainty. This practise enables the Company to maintain better control over quality, cost and delivery across its supply chain. The Company focuses on building a future-ready supply chain that is digitally connected and is flexible with respect to the technology, quality, delivery and cost requirements. In the reporting year, the Company has also explored alternative suppliers to meet the

requirements of its technology and cost structure. Further to this, the Company remained focused on reducing the power usage at the supplier base and promoting innovative programs like Zero Fettleling, thereby reducing workers' tiredness and creating a safe working environment while improving product aesthetics to international standards. In addition to this, KOEL has also launched a unique programme for suppliers for multiple KPI monitoring and predictive analytics. The chosen cluster method aligns with other initiatives aimed at promoting an analytics culture driven by data at the supplier end. Moreover, KOEL remains focused on its planned path to zero defects, which is also benefiting its supplier base also helping in the steady improvement of quality indices.

## Human Resource

The Human Resource Management System (HRMS) of the Company helps KOEL to maintain a positive and harmonious relationship with its workforce. In the reporting year, the total workforce of the Company was 2,476. The Company has implemented various initiatives to improve employee attraction, engagement, development, health, safety and wellness, recognising employees. Additionally, the Campus to Corporate programme helps the Company onboard the right candidates to the workforce. KOEL offers its workforce multiple opportunities to upskill themselves and stay relevant to the evolving trends in the industry. During the reported year, key upskilling programmes focused on enhancing managerial skills, as well as helping the channel partners and engineers to build their competencies were implemented. The Company has an established leadership development programme to support building the future leaders.

As part of its learning and development programme, KOEL supported technology upskilling and carried out career progression initiatives to encourage its workforce. These efforts led to enhanced service delivery and strengthened customer engagement, thereby establishing trust and long-term partnerships.

Further to this, in the reporting year, the Company completed its 11th wage settlement, highlighting its efforts to implement best practices in Industrial relations. Additionally, the Recognition and Rewards (R&R) policy of the Company recognises and acknowledges the contribution and efforts of its workforce by rewarding them on a quarterly basis. In addition, the Company continuously reviews its compensation and benefits practices, wherein the Flexi-Basket Compensation structure and the Car Lease programme have been introduced to ensure employee retention. Additionally, in the reporting year, policies like Business Travel Policy, No-Punch Policy, Paternal Leave Policy, Attendance and Leave policies were introduced. Further, various employee engagement activities such as Environment Day, National Safety Day were arranged to promote a healthy and positive working environment for its employees.

## Environment, Health and Safety (EHS)

### Environment

Kirloskar Oil Engines Ltd. (KOEL) has implemented a comprehensive range of environmental conservation initiatives, reflecting its commitment to sustainability across its operations.

### Sustainable Manufacturing and Energy Efficiency

KOEL's Kagal plant exemplifies its dedication to sustainable practices. The facility is CII GreenCo Platinum certified and has achieved carbon neutrality. It sources its energy from renewable sources through captive solar power plant and third party energy purchase. Additionally, the plant has implemented a plastic-to-fuel conversion unit, contributing to waste reduction and energy efficiency.

### Water Conservation Efforts

KOEL has made significant strides in water conservation, with the Kagal plant generating 58% of its own water. Initiatives such as water recycling and reuse have not only reduced consumption but also improved the water table in surrounding communities.

### Innovative Waste Management

The Company has introduced the Kirloskar i-Land, a fully automated organic waste composter that utilizes biotechnology and intelligent engineering to convert organic waste from homes and commercial spaces into compost.

### Environmental Policy and Governance

KOEL's Environmental, Social, and Governance (ESG) policy emphasises minimising environmental impact through sustainable operations, efficient resource utilisation and compliance with environmental regulations. The policy also focuses on effective water management and energy conservation measures.

### Health and Safety

At Kirloskar Oil Engines, the health and safety of its employees, contractors and stakeholders forms the fundamental business value and a vital component of its operational strategy. KOEL remains focused in promoting a safe and healthy work environment across all its facilities and operations, thereby ensuring compliance with all applicable legal and regulatory requirements. The holistic approach to employee wellbeing of the Company includes periodic medical checkups, ergonomic assessments, mental health awareness programmes and workplace hygiene inspections, all aimed at promoting the overall health and wellbeing of our employees. Additionally, the Company also celebrates International Yoga Day to encourage physical and mental wellness through yoga.

### Kagal Plant

In the induction process, the employees are made aware of the various workplace hazards and countermeasures. This ensures that newcomers are aligned with the health and safety protocols of the Company. Along with this, the Company conducted various safety training programmes focused on safety measures against fire, using first aid kits during emergencies, the importance of using personal protective equipment and safe handling machines and tools.

### Khadki Plant

To ensure the health and safety of its employees in the workplace, the Company has implemented various safety measures, which encompasses the installation of flameproof lights and a gas leak detector system.

### Rajkot Plant

The Company organised blood donation camps, health awareness sessions and mock drills to contribute to maintaining health and safety within its working environment.

### Nashik Plant

The Company conducts activities to spread awareness about how to overcome workplace hazards. These activities include safety talks, providing training against fire, health awareness sessions, mock drills to build a safe workplace for its workers.

### Bhare Plant

Achieving an incident-free workplace is central to our mission, fueled by a dynamic safety culture. We're boosting safety awareness via focused training programs and implementing impactful new safety initiatives to empower our team. Key priorities include robust hazard identification and a thriving near-miss reporting culture, turning every learning into future accident prevention. Our collective efforts are building a safer future.

### Health Initiatives

KOEL recognises the necessity of promoting employee well-being and has implemented various health initiatives across its facilities. Some of its efforts include first aid training, annual medical checkups, awareness sessions on health topics like Gastroesophageal Reflux Disease (GERD), spinal health and diabetes management, as well as health camps for cardiac screening and eye check-ups.

### Engineering

The Engineering division remains a critical component of the Company, driving the growth and helping the Company to maintain its leadership position. The Corporate Research and Engineering (CRE) and Application Engineering (AE) department focuses on enhancing the Company's technological leadership in research, design and development of engines and development of customised engineering solutions. In addition to this, the CRE focuses on the design and development of its product portfolio such that it aligns with the long-term growth targets, market demand and prevalent trends in the industry. Such R&D activities helped the Company to produce a wider range of diesel and gas gensets, develop MicroGrid solutions and gensets and Optiprime controllers.



### Key focus areas of Engineering

- Diesel engines in the high horsepower range
- Expansion of gas engines
- Technology for dual fuel/fuel blends
- Compact gensets with 3000 rpm engines in the lower power segment
- Executing our technology tracks - Internal Combustion Engines, Energy storage solutions, Electrification and Fuel cells and electrolyzers.

### Engineering initiatives in FY 2025

- **New product development**
  - To cater to industrial applications, the Company developed the CEV BS V product range, aligned with the upgraded emission norms for construction equipment vehicles.
  - In the genset segment, the Company enhanced its air-cooled engine-powered product portfolio by completing development for the HA294 CPCB-IV+ 15 kVA rating.
- **Existing Product Development**
  - KOEL completed the production ramp-up for the new CPCB-IV+ emission norms and upgraded all applicable engine platforms to CPCB-IV+ development.
  - The Company also developed a new PV16-15 L inline series engine equipped with an advanced aftertreatment system, power cylinder, and fuel injection equipment, designed for powering 500 kVA CPCB-IV+ CE compliant genset products and 600 hp industrial applications.

### Finance, Legal and Secretarial

The Company's financial, legal and secretarial departments prioritise regulatory compliance and provide support for corporate planning and analysis. The legal and secretarial department has developed a strong compliance management system and implemented digital projects to boost productivity. It has improved commercial partnerships, digitalisation and governance.

The Finance department analyses financial and operational data before the implementation of strategic decisions. The department helps manage capital allocation and ensures resources are used effectively to achieve company goals. It manages business performance through financial reporting, variance analyses and cost management, aiming to improve profitability and strategic planning.

### Financial Performance of the Company

₹ in Crore

| Particulars             | FY 2025  | FY 2024  |
|-------------------------|----------|----------|
| Revenue from Operations | 5,113.33 | 4,850.54 |
| EBITDA                  | 653.74   | 566.78   |
| Profit before tax       | 579.94   | 486.84   |
| Profit for the year     | 431.93   | 361.63   |
| Net Worth               | 2,975.63 | 2,622.69 |

### Key financial ratios

|                                    | FY 2025 | FY 2024 |
|------------------------------------|---------|---------|
| Debtors Turnover (no. of days)     | 8.3     | 9.3     |
| Inventory Turnover (no. of days)   | 6.6     | 6.5     |
| Interest Coverage Ratio (in times) | 41.8    | 56.1    |
| Current Ratio (in times)           | 1.7     | 1.4     |
| Debt Equity Ratio (in times)       | 0.06    | 0.08    |
| EBITDA Margin (in %)               | 12.8%   | 11.7%   |
| PAT Margin (in %)                  | 8.4 %   | 7.4%    |
| Return to Net Worth (in %)         | 15.4%   | 14.6%   |

## Awards

### The Indian Green Manufacturing Challenge (IRIM IGMC) award



"Gold Award" at QCFI Pune in Energy Conservation Competition 2024



EXCELSIOR award recognition for our GREEN initiatives in Net Zero Torch Bearer competition.



Excellent Energy Efficient Unit Award - Kagal Plant



National Leader- Kagal Plant



CII National Award for Excellence in Water Management



## Events



Kirloskar Industrial Partner's meet, Pune



International Business Meet, Pune and Mahabaleshwar



InnoRail India 2024, Lucknow



Bauma Conexpo India 2024

### Disclaimer

Some forward-looking statements about potential business and economic developments might be found in this report. Although the Company's assessments and expectations for the future are reflected in these forward-looking statements, several variables could cause actual events and results to materially diverge from expectations. The Company does not commit to updating any forward-looking statements in the public domain to reflect new information or events. Investors are also urged to use their discretion when evaluating the Company's various risks and the success of the Company's mitigation efforts, as the risks listed in this report are just those that the Management believes exist.

# Report on Corporate Governance

[Pursuant to Regulation 34 (3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereunder (hereinafter referred as SEBI Listing Regulations)]

## 1. Company's philosophy on Code of Corporate Governance

Your Company is proud of the high standards it has set for exemplary governance and continues to lay strong emphasis on transparency, accountability and integrity. The Company firmly believes that good Governance is an essential ingredient of any business, a way of life rather than a mere legal compulsion. Responsible corporate conduct is integral to the way your Company conducts its business. The actions are governed by the values and principles of the Company, which are reinforced at all levels within the Company.

The Company's Code of Business Conduct, its Risk Management Framework together with its well-structured internal control systems which are subjected to regular assessment for its effectiveness, reinforces integrity of Management and fairness in dealing with the Company's stakeholders. This, together with meaningful Corporate Social Responsibility activities and sustainable development policies followed by the Company has enabled your Company to earn the trust and goodwill of its investors, business partners, employees and the communities in which it operates.

The Company's philosophy of good Corporate Governance aims at establishing a system which will assist the management to fulfill its corporate objectives as well as to serve the best interest of the stakeholders at large viz., Shareholders, Customers, Employees, Environment, Society, Suppliers, Lenders etc. This philosophy has been strengthened by adoption of a Code of Conduct for Board of Directors and Senior Management, adoption of CII's Business Excellence framework, Code for prevention of Insider Trading and also re-enforcing our commitment towards Corporate Sustainability and adoption of the GRIs guidelines on Triple Bottom Line reporting.

## 2. Code of Conduct

The Company has adopted the Code of Conduct for the Board of Directors and Senior Management of the Company in accordance with provisions of the SEBI Listing Regulations and the Companies Act, 2013, including Rules made thereunder. The same is available on the Company's website (weblink: <https://www.kirloskaroilengines.com/documents/541738/66665b0a-55d8-43b3-30cf-a907ef14e6dc>). It serves the following objectives:

- To enhance the standards of ethical conduct, which are based on Kirloskar Group core values.
- To evolve as good corporate citizens by implementing highest degree of transparency, integrity, accountability and corporate social responsibility.

- To further achieve good corporate governance by complying with all laws, rules, and regulations applicable to the Company and fulfilling responsibilities towards stakeholders.
- To set standards of professional conduct for Independent Directors on the Board of the Company, with the aim of promoting confidence of the investment community, minority shareholders, regulators and companies in the institution of Independent Directors.

The Company has received confirmations from the Directors as well as Senior Management Personnel regarding compliance of the Code during the year under review.

In addition to this, the Company has also adopted the separate Code of Conduct for employees of the Company. In order to ensure awareness and adherence amongst employees, classroom training modules are conducted across the Company.

## 3. Code of Conduct for Prohibition of Insider Trading



The Securities and Exchange Board of India (SEBI) as a regulatory authority has issued regulation governing prohibition of 'Insider Trading' known as the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (the 'Regulations') which is amended from time to time. Further the Companies Act, 2013 has also prescribed the provisions on 'Prohibition on Insider Trading of Securities'.

In terms of said Regulations, the Board of Directors of Kirloskar Oil Engines Limited (KOEL) has adopted the following Codes viz.:

- Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI) to include Policy on determination of Legitimate Purpose and Policy and Procedure for Inquiry in case of Leak or Suspected Leak of UPSI (Code of Fair Disclosure); and
- Code of Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons and immediate relatives of Designated Persons of Kirloskar Oil Engines Limited.

## 4. Board of Directors

### a) Composition of the Board

The Board composition is in conformity with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements)

Regulations, 2015, including amendments thereunder (hereinafter referred as SEBI Listing Regulations). The Board comprised of 11 (eleven) Directors as on 31st March, 2025. The composition of the Board was as under:

| Category of Directors                                       | No. of Directors |
|-------------------------------------------------------------|------------------|
| Executive                                                   | 1                |
| Non-Executive and Independent (including 2 Women Directors) | 6                |
| Non-Executive and Non Independent                           | 4                |
| <b>Total</b>                                                | <b>11</b>        |

The Company's Board includes eminent professionals having sound knowledge, relevant expertise and experience in the areas of manufacturing, engineering, finance, legal, sales, marketing, technology, human resources and general business management. The Company has established systems and procedures to ensure that the Board of Directors are well informed and well equipped to fulfil their overall responsibilities and to provide management with strategic direction needed to create long-term shareholder value.

The detailed profile of all Directors of the Company is available on website of the Company. (Web-link: <https://www.kirloskaroilengines.com/about/board-of-directors>)

During the year under review and till the date of this report, the Nomination and Remuneration Committee and the Board of Directors reviewed and are satisfied with Succession Planning for the Board of Directors and Senior Management Personnel of the Company.

## b) Meetings held

The annual calendar of the Board and Committee Meetings is circulated to the Directors well in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. The gap between the two Board/Audit Committee Meetings did not exceed one hundred and twenty days.

During the Financial Year 2024-25, the Board met 5 (five) times. These meetings were held on 8th May, 2024, 7th August, 2024, 12th November, 2024, 11th February, 2025 and 12th March 2025. The meetings and agenda items taken up during the meetings complied with the requirements of the Companies Act, 2013 and SEBI Listing Regulations read with various circulars issued by Ministry of Corporate Affairs (MCA) and SEBI.

The Annual General Meeting (AGM) of the Company was held on 8th August, 2024, by electronic means in due compliance with the provisions of the Companies Act, 2013 and Rules made thereunder including circulars issued thereof by the MCA and the SEBI and the Secretarial Standards. The Company had dispatched the Annual Report for the Financial Year 2023-24 well ahead of the AGM and invited shareholders to submit their questions ahead of the AGM. Questions raised by the shareholders were addressed at the AGM. The AGM was attended by the Chairman of Audit Committee, Chairman of Nomination and Remuneration Committee, Chairman of Stakeholder's Relationship Committee, representatives of Statutory Auditors and Secretarial Auditors of the Company.

## c) Board Procedure

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 Board of Directors to securely access board documents and collaborate with other board members electronically. In case any Director(s) seeks additional information, which is not part of the information earlier provided, such requests are tracked till the actions on such request are addressed to the satisfaction of the Director(s) seeking additional information.

The Board also, *inter-alia*, reviews quarterly / half yearly / annual results, the strategy of business including corporate restructuring plans, if any, Annual Operating Plan (AOP), capital expenditure budgets, update on new business, market share of businesses, digital and sustainability viz., Environment, Social & Governance initiatives, reports for all laws applicable to the Company, review of major legal cases, minutes of Meetings of Committee and Board of the Company and of Board Meeting of Subsidiary Companies, financials of subsidiary companies, review of internal control framework and risk management etc. The Directors receive regular updates on changes in the relevant laws and regulations which are relevant to KOEL at the Board meetings. The required information as enumerated in Part A of Schedule II of SEBI Listing Regulations, is made available to the Board of Directors for discussions and consideration at Board Meetings. Draft Minutes of the Board and Committee meetings of the Company are circulated to all the Directors for their comments within 15 days of the meeting.

The Board is also kept informed on major events / items and approvals are taken wherever necessary. As a part of corporate governance, the Board Charter has been drawn up setting out roles / terms of references and processes of functioning of the Board including Committees of the Board.

The Company has put in place relevant systems and processes to ensure compliance with the provisions of applicable laws. In accordance with the compliance procedures of the Company, relevant Heads of the Departments confirm compliances with applicable regulations. The details viz., list of applicable laws/rules/regulations, summary of non-compliances, if any, including action plan for the same and a certificate duly signed by Managing Director is placed before the Board on a quarterly basis.



**d) Category and Attendance of Directors**

The names and categories of the Directors on the Board, their attendance at the Board Meetings (BM) held during the Financial Year 2024-25 and at the last AGM and also the Directorships, Committee positions held by them in other public limited companies and shareholding of Non-Executive Directors as at 31st March, 2025 are given in **Table A** and the names of the other listed entities in which the Directors hold directorship and category thereof as at 31st March, 2025 are given in **Table B**, below:

**I. Table A**

| Sr. No.                                     | Name of Director                          | No. of Directorships in other Public Ltd. Cos. | No. of Committee positions held in other Public Ltd. Cos. |        | Attendance at meetings |     | No. of shares held by Non-Executive Directors |
|---------------------------------------------|-------------------------------------------|------------------------------------------------|-----------------------------------------------------------|--------|------------------------|-----|-----------------------------------------------|
|                                             |                                           |                                                | Chairman                                                  | Member | BM                     | AGM |                                               |
| Executive Director                          |                                           |                                                |                                                           |        |                        |     |                                               |
| 1                                           | Ms. Gauri Kirloskar *                     | 3                                              | -                                                         | 2      | 5                      | Yes | NA                                            |
| Non-Executive and Non Independent Directors |                                           |                                                |                                                           |        |                        |     |                                               |
| 2                                           | Mr. Atul Kirloskar *                      | 3                                              | -                                                         | -      | 4                      | Yes | 1,46,74,947                                   |
| 3                                           | Mr. Rahul C. Kirloskar *                  | 4                                              | 1                                                         | 1      | 5                      | Yes | 17,786,902                                    |
| 4                                           | Mr. Mahesh R. Chhabria**                  | 5                                              | 2                                                         | 3      | 3                      | Yes | 11,552                                        |
| 5                                           | Mr. Vinesh Kumar Jairath                  | 2                                              | 1                                                         | 2      | 5                      | Yes | -                                             |
| Non-Executive and Independent Directors     |                                           |                                                |                                                           |        |                        |     |                                               |
| 6                                           | Mr. Satish Jamdar                         | 2                                              | 2                                                         | -      | 4                      | Yes | -                                             |
| 7                                           | Dr. Kandathil Mathew Abraham <sup>s</sup> | -                                              | -                                                         | -      | 5                      | Yes | -                                             |
| 8                                           | Dr. Shalini Sarin <sup>^</sup>            | 5                                              | -                                                         | 1      | 4                      | Yes | -                                             |
| 9                                           | Mr. Yogesh Kapur                          | 8                                              | 4                                                         | 4      | 5                      | Yes | -                                             |
| 10                                          | Mrs. Purvi Sheth                          | 9                                              | -                                                         | -      | 4                      | Yes | -                                             |
| 11                                          | Mr. Arvind Goel                           | 4                                              | 1                                                         | 2      | 5                      | Yes | -                                             |

**II. Table B**

| Sr. No. | Name of Director and Age as on 31st March, 2025 | Name of the other Listed entities in which Director holds Directorship                     | Category of Directorship               |
|---------|-------------------------------------------------|--------------------------------------------------------------------------------------------|----------------------------------------|
| 1       | Mr. Atul Kirloskar, Age - 69 years              | Kirloskar Industries Limited                                                               | Non-Independent Non-Executive Director |
|         |                                                 | Kirloskar Pneumatic Company Limited                                                        | Non-Independent Non-Executive Director |
| 2       | Mr. Rahul C. Kirloskar, Age - 61 years          | Kirloskar Ferrous Industries Limited                                                       | Non-Independent Non-Executive Director |
|         |                                                 | Kirloskar Pneumatic Company Limited                                                        | Non-Independent Executive Director     |
| 3       | Ms. Gauri Kirloskar, Age - 41 years             | -                                                                                          | -                                      |
| 4       | Mr. Mahesh Chhabria** Age - 60 years            | Kirloskar Industries Limited                                                               | Non-Independent Executive Director     |
|         |                                                 | ZF Commercial Vehicle Control Systems India Limited (earlier known as Wabco India Limited) | Independent Non-Executive Director     |
| 5       | Mr. Vinesh Kumar Jairath, Age - 66 years        | Shoppers Stop Limited                                                                      | Independent Non-Executive Director     |
|         |                                                 | Kirloskar Industries Limited                                                               | Non-Independent Non-Executive Director |
| 6       | Mr. Satish Jamdar, Age - 72 years               | Wockhardt Limited                                                                          | Independent Non-Executive Director     |
|         |                                                 | Kirloskar Industries Limited                                                               | Independent Non-Executive Director     |
| 7       | Dr. Kandathil Mathew Abraham, Age - 67 years    | -                                                                                          | -                                      |
| 8       | Dr. Shalini Sarin, Age - 59 years               | Linde India Limited                                                                        | Independent Non -Executive Director    |
|         |                                                 | Kirloskar Ferrous Industries Limited                                                       | Independent Non -Executive Director    |
|         |                                                 | Sagility India Limited                                                                     | Independent Non -Executive Director    |
|         |                                                 | Polyplex Corporation Limited                                                               | Independent Non -Executive Director    |
| 9       | Mr. Yogesh Kapur, Age - 67 years                | Greenlam Industries Limited                                                                | Independent Non -Executive Director    |
|         |                                                 | RICO Auto Industries Limited                                                               | Independent Non -Executive Director    |
|         |                                                 | ASK Automotive Limited                                                                     | Independent Non -Executive Director    |
|         |                                                 | Relaxo Footwears Limited                                                                   | Independent Non -Executive Director    |
|         |                                                 | Polyplex Corporation Limited                                                               | Independent Non -Executive Director    |

| Sr. No. | Name of Director and Age as on 31st March, 2025 | Name of the other Listed entities in which Director holds Directorship | Category of Directorship               |
|---------|-------------------------------------------------|------------------------------------------------------------------------|----------------------------------------|
| 10      | Mrs. Purvi Sheth,<br>Age – 52 years             | Deepak Nitrate Limited                                                 | Independent Non -Executive Director    |
|         |                                                 | Ambuja Cements Limited                                                 | Independent Non -Executive Director    |
|         |                                                 | Shoppers Stop Limited                                                  | Independent Non -Executive Director    |
|         |                                                 | Kirloskar Industries Limited                                           | Independent Non -Executive Director    |
|         |                                                 | Metropolis Healthcare Limited                                          | Independent Non -Executive Director    |
| 11      | Mr. Arvind Goel,<br>Age – 67 years              | Automotive Stampings & Assemblies Limited                              | Non-Independent Non-Executive Director |
|         |                                                 | Persistent Systems Limited                                             | Independent Non -Executive Director    |

**Notes:**

- 1) Committee Positions includes only Audit Committee and Stakeholder's Relationship Committee as per Regulation 26 of the SEBI Listing Regulations.
- 2) Directorships held in Foreign Companies, private limited companies, one person companies and companies under Section 25 of the Companies Act, 1956 / under Section 8 of the Companies Act, 2013 and Rules thereof, including amendments thereunder have not been considered.
- 3) \* Deemed as Promoter/member of Promoter Group within the meaning of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- 4) \*\* Mr. Mahesh Chhabria (DIN 00166049), has resigned as a Non-Executive Non-Independent Director of the Company with effect from close of working hours of 31st March, 2025.
- 5) <sup>§</sup> Dr. Kandathil Mathew Abraham (DIN 05178826), was re-appointed as an Independent Director of the Company to hold the office for a second term of 5 (five) consecutive years with effect from 10th August, 2024.
- 6) <sup>^</sup> Dr. Shalini Sarin (DIN 06604529), was re-appointed as an Independent Director of the Company to hold the office for a second term of 5 (five) consecutive years with effect from 25th October, 2024.
- 7) None of the Directors on the Board of the Company is a Director nor an Independent Director of more than 7 listed entities as at 31st March, 2025.
- 8) None of the Directors on the Board of the Company is a Member of more than 10 Committees and Chairperson of more than 5 Committees in all public limited Companies whether listed or not in which he is director. All the Directors have made the requisite disclosures regarding Committee positions held by them in other public limited Companies.
- 9) Mr. Atul Kirloskar and Mr. Rahul C. Kirloskar, being brothers, are related to each other. Mr. Atul Kirloskar and Ms. Gauri Kirloskar, being father and daughter, are related to each other. None of the other Directors are related to any other Director of the Company as defined under Companies Act, 2013 and Rules thereof, including amendments thereunder.

**e) Familiarization Programme for Independent Directors**

The Company has familiarization programme for Independent Directors with regard to their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, the business model of the Company etc. A structured induction programme for new Directors is also organized where they get to meet and interact with all senior leaders of the Company and On-Boarding Manual is provided for their information and awareness. A detailed Letter of Appointment is also issued to them.

The Company's management makes business presentations periodically at the Board meetings to familiarize the Independent Directors with the strategy, operations and functioning of the Company. These interactions provide them with a holistic perspective of the Company's business and regulatory framework.

The details of familiarization programme imparted to the Independent Directors are available on the website of the Company. (Web-link: <https://www.kirloskaroilengines.com/documents/541738/b4268b7c-900a-4e26-155b-0360b9958c17>)

**f) The list of core skills / expertise / competencies required and available with the Board and names of Directors who have such skills / expertise / competencies in the context of business of the Company for its effective functioning is as follows [Pursuant to Schedule V, Part C (2)(h) of SEBI Listing Regulations.]**

| Sr. No   | List of Core skills/expertise/ Competencies | Atul Kirloskar | Rahul Kirloskar | Gauri Kirloskar | Vinesh Kumar Jairath | Mahesh Chhabria | Arvind Goel | Satish Jamdar | Yogesh Kapur | Shalini Sarin | K. M. Abraham | Purvi Sheth |
|----------|---------------------------------------------|----------------|-----------------|-----------------|----------------------|-----------------|-------------|---------------|--------------|---------------|---------------|-------------|
| <b>A</b> | <b>Technical</b>                            |                |                 |                 |                      |                 |             |               |              |               |               |             |
| 1        | Finance                                     |                | ✓               | ✓               | ✓                    | ✓               | ✓           |               | ✓            |               | ✓             |             |
| 2        | Law                                         |                | ✓               |                 | ✓                    | ✓               |             |               | ✓            |               | ✓             |             |
| 3        | Management                                  | ✓              | ✓               | ✓               | ✓                    | ✓               | ✓           | ✓             | ✓            | ✓             | ✓             | ✓           |
| 4        | Sales & Marketing                           | ✓              | ✓               |                 |                      |                 | ✓           |               |              |               |               | ✓           |
| 5        | Manufacturing & Operations                  | ✓              | ✓               |                 |                      |                 | ✓           |               |              |               |               |             |

| Sr. No   | List of Core skills/expertise/ Competencies               | Atul Kirloskar | Rahul Kirloskar | Gauri Kirloskar | Vinesh Kumar Jairath | Mahesh Chhabria | Arvind Goel | Satish Jamdar | Yogesh Kapur | Shalini Sarin | K. M. Abraham | Purvi Sheth |
|----------|-----------------------------------------------------------|----------------|-----------------|-----------------|----------------------|-----------------|-------------|---------------|--------------|---------------|---------------|-------------|
| 6        | Research & Development                                    |                |                 |                 |                      |                 |             |               |              |               |               |             |
| 7        | Human Resource                                            |                | ✓               |                 |                      |                 | ✓           |               |              | ✓             | ✓             | ✓           |
| 8        | Information Technology                                    |                | ✓               |                 |                      |                 | ✓           |               |              |               | ✓             |             |
| <b>B</b> | <b>Industry</b>                                           |                |                 |                 |                      |                 |             |               |              |               |               |             |
| 1        | Knowledge about Economy                                   | ✓              | ✓               | ✓               | ✓                    | ✓               | ✓           | ✓             | ✓            |               | ✓             | ✓           |
| 2        | Industry experience                                       | ✓              | ✓               |                 |                      |                 | ✓           | ✓             |              | ✓             |               | ✓           |
| 3        | Knowledge of business sector                              | ✓              | ✓               | ✓               | ✓                    | ✓               | ✓           |               | ✓            |               |               | ✓           |
| <b>C</b> | <b>Governance</b>                                         |                |                 |                 |                      |                 |             |               |              |               |               |             |
| 1        | Compliance Management                                     |                | ✓               | ✓               | ✓                    | ✓               | ✓           |               | ✓            | ✓             | ✓             | ✓           |
| 2        | Knowledge about statutory regulatory laws                 |                | ✓               | ✓               | ✓                    | ✓               | ✓           |               | ✓            |               | ✓             |             |
| 3        | Experience in developing and implementing Risk Management | ✓              | ✓               | ✓               | ✓                    | ✓               | ✓           | ✓             | ✓            |               | ✓             |             |
| 4        | Strategic Planning                                        | ✓              | ✓               | ✓               | ✓                    | ✓               | ✓           | ✓             |              |               | ✓             | ✓           |
| <b>D</b> | <b>Others</b>                                             |                |                 |                 |                      |                 |             |               |              |               |               |             |
| 1        | Communication and Interpersonal Skills                    |                | ✓               | ✓               | ✓                    | ✓               | ✓           | ✓             | ✓            | ✓             | ✓             | ✓           |
| 2        | Public Relations                                          |                | ✓               |                 |                      | ✓               | ✓           |               |              |               | ✓             | ✓           |
| 3        | Corporate Restructuring                                   |                | ✓               | ✓               | ✓                    | ✓               | ✓           | ✓             | ✓            |               |               |             |
| 4        | Environment and sustainability                            | ✓              | ✓               | ✓               | ✓                    | ✓               | ✓           |               |              |               |               | ✓           |
| 5        | Corporate Social Responsibility                           |                | ✓               | ✓               | ✓                    | ✓               | ✓           |               | ✓            |               |               | ✓           |

**g) Criteria of Performance Evaluation of Independent Directors**

The Nomination and Remuneration Committee lays down the criteria for performance evaluation of Director. A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as achievement against key performance objectives, attendance at meetings, time devoted for the Company, contribution in the Board process etc.

**h) Confirmation on declarations given by Independent Directors**

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

**i) Reasons for the resignation of Independent Directors during the Financial Year 2024-25, if any:**

None of the Independent Directors resigned during the Financial Year 2024-25.

**j) Separate meeting of Independent Directors**

The Independent Directors met on 11th March, 2025 without the presence of Executive Directors or Management

representatives. The Independent Directors, *inter-alia*, discussed the issues arising out of Committee Meetings and Board discussion including the quality, quantity and timely flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The outcome of the meeting was presented to the Board along with the observations/suggestions received from Independent Directors. The suggestions received from Independent Directors have been carefully reviewed, discussed and appropriate action has been taken.

**5. BOARD COMMITTEES**

**i. Audit Committee**

The Audit Committee comprises of 6 (six) Non-Executive Directors, out of which 4 (four) are Independent Directors. The composition is in conformity with Regulation 18 of SEBI Listing Regulations.

During the Financial Year 2024-25, 4 (four) meetings of the Committee were held. These meetings were held on 8th May, 2024, 7th August, 2024, 12th November, 2024 and 11th February, 2025.



The composition of the Committee as at 31st March, 2025 and attendance at its meetings during the Financial Year 2024-25, are given below:

| Sr. No. | Name of the Member Director             | Category                                                                                   | No. of meetings attended |
|---------|-----------------------------------------|--------------------------------------------------------------------------------------------|--------------------------|
| 1       | Dr. Kandathil Mathew Abraham (Chairman) | Non-Executive and Independent                                                              | 4                        |
| 2       | Mr. Mahesh Chhabria                     | Non-Executive and Non Independent (Member upto close of working hours of 31st March, 2025) | 3                        |
| 3       | Mr. Vinesh Kumar Jairath                | Non-Executive and Non Independent                                                          | 4                        |
| 4       | Mr. Satish Jamdar                       | Non-Executive and Independent                                                              | 3                        |
| 5       | Mr. Yogesh Kapur                        | Non-Executive and Independent                                                              | 4                        |
| 6       | Mr. Arvind Goel                         | Non-Executive and Independent                                                              | 4                        |

The Company Secretary acts as the Secretary to the Audit Committee. The Managing Director, Chief Executive Officer and the Chief Financial Officer attends the Audit Committee Meetings. The representatives of the Internal Auditor, Statutory Auditors, Cost Auditors and Business Unit / Operation Heads whenever required are invited to the Audit Committee meetings.

The role/terms of references of Audit Committee broadly include:

- Reviewing with the management, the quarterly / annual financial statements before submission to the Board for approval;
- Recommendation for appointment of statutory and cost auditor and their remuneration;
- Review of Internal audit reports relating to internal control weaknesses and discussion with internal auditors any significant findings and follow up there on;
- Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - 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.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of any related party transactions.
  - Modified opinion(s) in the Draft Audit Report.
- All other terms/role as specified under Section 177 of the Companies Act, 2013 and Rules thereof including amendments thereunder, SEBI Listing Regulations, and SEBI (Prohibition of Insider Trading) Regulations, 2015 including amendments thereunder.

The Independent Directors of the Audit Committee had a separate independent interaction on 12th March, 2025 with the Statutory Auditors, Internal Auditors and Secretarial Auditor of the Company without the presence of Executive Directors and Management representatives. The key points of their interactions were briefed by the Chairman of the Audit Committee to the Board of Directors and also the Chairman informed the Board that the Independent Directors were satisfied with the outcome of interaction with the Statutory Auditors, Internal Auditors and Secretarial Auditors of the Company.

## ii. Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of 3 (three) Non-Executive Directors, out of which 2 (two) are Independent Directors. The composition is in conformity with Regulation 19 of SEBI Listing Regulations.

During Financial Year 2024-25, 5 (five) meetings of the Committee were held. These meetings were held on 8th May, 2024, 7th August, 2024, 12th November, 2024, 6th December, 2024 and 11th March, 2025.

The composition of the Committee and attendance at meeting as at 31st March, 2025 is given below:

| Sr. No. | Name of the Member Director  | Category                                                                                   | No. of meetings attended |
|---------|------------------------------|--------------------------------------------------------------------------------------------|--------------------------|
| 1       | Mr. Satish Jamdar (Chairman) | Non-Executive and Independent                                                              | 5                        |
| 2       | Mr. Mahesh Chhabria          | Non-Executive and Non-Independent (Member upto close of working hours of 31st March, 2025) | 4                        |
| 3       | Mrs. Purvi Sheth             | Non-Executive and Independent                                                              | 5                        |

The role/terms of reference of the Nomination and Remuneration Committee broadly include:

- i. To identify persons who are qualified to become directors in accordance with the criteria laid down in the Companies Act, 2013 read with Rules made thereunder including amendments thereunder and SEBI Listing Regulations and recommend to the Board their appointment and removal;
- ii. To make recommendations to the Board concerning suitable candidates for the role of independent director;
- iii. To formulate policy relating to the remuneration for the directors, key managerial personnel and other employees;
- iv. Evaluation of performance of each Director;
- v. Recommendation of appointment and remuneration of senior management one level below the Board;
- vi. Review succession planning mechanism and recommend changes/modifications thereto, if required, to the Board for its consideration;
- vii. 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;
- viii.  Constitute a panel comprising of such members of the Nomination and Remuneration Committee and external experts, if any, as it deems fit, for identifying candidates to fill vacancies at senior management level

and to recommend appointment of senior management personnel, as and when required and set the terms and conditions, including as remuneration of panelists, in consultation with the Chairman of the Board; and

- ix. All other terms / role as specified under Section 178 of the Companies Act, 2013 and Rules thereof including amendments thereunder and SEBI Listing Regulations and assigned by the Board of Directors of the Company from time to time.

### iii. Stakeholder's Relationship Committee

The Stakeholder's Relationship Committee of 3 (three) Directors out of which the Chairman is an Independent Director. The composition is in conformity with Regulation 20 of SEBI Listing Regulations.

During the Financial Year 2024-25, 7 (seven) meetings of the Committee were held. These were held on 19th April, 2024, 7th June, 2024, 26th July, 2024, 13th September, 2024, 7th November, 2024, 19th December, 2024 and 11th February 2025.

The role / terms of references of the Committee are as specified under Section 178 of the Companies Act, 2013 and Rules thereof, including amendments thereunder and SEBI Listing Regulations. The Committee has been constituted including but not limited to specifically look into shareholders' / investors' complaints / grievances like share transfer by way of transmission or name deletion etc., non-receipt of Balance Sheet, non-receipt of declared dividends etc. and redressal thereof and evaluating performance and service standards of the Registrar and Share Transfer Agent of the Company.

The composition of the Committee and attendance at its meetings as at 31st March, 2025 are given below:

| Sr. No. | Name of the Member Director | Category                      | No. of meetings attended |
|---------|-----------------------------|-------------------------------|--------------------------|
| 1       | Mr. Yogesh Kapur (Chairman) | Non-Executive and Independent | 7                        |
| 2       | Ms. Gauri Kirloskar         | Managing Director             | 7                        |
| 3       | Mrs. Purvi Sheth            | Non-Executive and Independent | 7                        |

Status of Investor Complaints as on 31st March, 2025 and reported under Regulation 13 of SEBI Listing Regulations is as under:

| Period                           | No. of Investor Complaints |
|----------------------------------|----------------------------|
| Complaints as on 1st April, 2024 | 0                          |
| Received during the year         | 4                          |
| Resolved during the year         | 4                          |
| Pending as on 31st March, 2025   | 0                          |

### Name, designation and address of Compliance Officer as on 31st March, 2025

Ms. Farah Irani, Company Secretary and Compliance Officer  
(with effect from 12th November, 2024)

Kirloskar Oil Engines Limited (Secretarial Department)

Registered Address:

Laxmanrao Kirloskar Road,

Khadki, Pune - 411 003

Tel: 91 - 20 25810341, Fax: 91- 20 25813208 and 25810209

E-mail: [farah.irani@kirloskar.com](mailto:farah.irani@kirloskar.com)

Designated email ID for Investors: [investors@kirloskar.com](mailto:investors@kirloskar.com)

Corporate Office Address:

One Avante, Level 7 to 12, Karve Road,  
Kothrud, Pune-411038

The Company has displayed same email ID on its website for the reference of shareholders.

#### iv. Risk Management Committee

The Risk Management Committee of the Company of 3 (three) Independent Directors. The composition is in conformity with Regulation 21 of SEBI Listing Regulations.

During the Financial Year 2024-25, 4 (four) meetings of the Committee were held. These were held on 8th May, 2024, 7th August, 2024, 12th November, 2024 and 11th February, 2025.

The composition of the Committee and attendance at meeting as at 31st March, 2025 is given below:

| Sr. No. | Name of the Member Director  | Category                      | No. of meetings attended |
|---------|------------------------------|-------------------------------|--------------------------|
| 1       | Mr. Satish Jamdar (Chairman) | Non-Executive and Independent | 3                        |
| 2       | Dr. Shalini Sarin            | Non-Executive and Independent | 3                        |
| 3       | Dr. Kandathil Mathew Abraham | Non-Executive and Independent | 4                        |

The role / terms of References of the Committee are as specified under SEBI Listing Regulations which specifically covers review of cyber security of the Company.

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021 which was effective from 5th May 2021, the terms of references of the Committee was amended to include review of sustainability particularly Environment, Social and Governance (ESG) Risks and Business Continuity Plan.

ESG Steering Committee set up comprises of Managing Director, Chief Financial Officer, Independent Director, Company Secretary and EHS representative to oversee progress on ESG initiatives and implementation strategy.

During the Financial Year under review, the Committee reviewed targets for Social and Governance, the updates on ESG framework for the Company viz., ESG Journey Recap, framework for ESG commitments, emission mapping dashboard, next steps, key areas of ESG program and Life Cycle Analysis.

#### v. Senior Management



Particulars of senior management including the changes therein since the close of the previous Financial Year:

| Sr. No. | Name                 | Designation                                                    | Changes if any                                                                                                            |
|---------|----------------------|----------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|
| 1       | Ms. Gauri Kirloskar  | Managing Director                                              | N.A.                                                                                                                      |
| 2       | Mr. Rahul Sahai      | Chief Executive Officer                                        | Chief Executive Officer – B2B upto 31st December, 2024 and Chief Executive Officer of the Company w.e.f 1st January, 2025 |
| 3       | Mr. Aseem Srivastav  | Chief Executive Officer – B2C                                  | Resigned with effect from close of working hours of 31st December, 2024                                                   |
| 4       | Mr. Sachin Kejriwal  | Chief Financial Officer                                        | Appointed with effect from 9th May, 2024                                                                                  |
| 5       | Mr. George Verghese  | Head of Human Resources (Chief Human Resources Officer - CHRO) | N.A.                                                                                                                      |
| 6       | Ms. Smita Raichurkar | Company Secretary, Compliance Officer, and Head Legal          | Resigned with effect from close of working hours of 23rd August, 2024                                                     |
| 7       | Ms. Farah Irani      | Company Secretary and Compliance Officer                       | Appointed with effect from 12th November, 2024                                                                            |

### 6. REMUNERATION TO DIRECTORS

The Company has adopted a Nomination and Remuneration Policy for the Directors, Key Managerial Personnel and Senior Management Personnel which is uploaded on website of the Company.

The Board of Directors, based on the recommendation of Nomination and Remuneration Committee, approved all remuneration in whatever form including increment / promotions based on appraisals, payable to Key Managerial Personnel and Senior Management Personnel of the Company.

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) to its Executive Director. The Board based on recommendation of Nomination and Remuneration Committee, decides the commission payable to the Executive Director on determination of the profits for the Financial Year, within the ceilings prescribed under the Companies Act, 2013 and Rules thereof, including amendments thereunder. Agreement have been separately entered into with the Executive Director setting out the terms and conditions of appointment and tenure as recommended by the Committee and approved by the Board and the members. There is no notice period and no severance fees prescribed in the agreement.

The Board of Directors based on recommendation of Nomination and Remuneration Committee decides the remuneration payable to Non-Executive Directors by way of Commission, based on parameters for performance evaluation given under the Nomination and



Remuneration Policy. The members at the Annual General Meeting of the Company held on 12th August, 2014, approved the payment of commission to the Non-Executive Directors, at the rate of 1% of the net profits of the Company computed in the manner laid down in the Companies Act, 2013 and Rules thereof including amendments thereunder.

Sitting fees of ₹ 1,00,000/- per Director per meeting of the Board, ₹ 75,000/- per Director per meeting of Audit Committee, ₹ 50,000/- per Director per meeting of Nomination and Remuneration Committee as well as Risk Management Committee and ₹ 25,000/- per Director per meeting of Corporate Social Responsibility Committee as well as Stakeholders Relationship Committee are payable to Non-Executive Directors for the meetings attended.

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.

During the Financial Year under review, there were no pecuniary relationships or transactions between the Company and any of its Non-Executive Directors apart from payment of sitting fees and commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board / Committee of the Company.

**Following are the details of the remuneration paid / payable to Directors during Financial Year 2024-25:**

| Following are the details of the remuneration paid / payable to Directors during Financial Year 2024-25: |                                                                             |              |            |                                                                                       |              |             |              | Amount in ₹ |
|----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|--------------|------------|---------------------------------------------------------------------------------------|--------------|-------------|--------------|-------------|
| Sr. No.                                                                                                  | Name of Director                                                            | Basic Salary | Allowances | Statutory Contributions                                                               | Perquisites* | Commission  | Sitting Fees | Total       |
| Executive Director                                                                                       |                                                                             |              |            |                                                                                       |              |             |              |             |
| 1                                                                                                        | Ms. Gauri Kirloskar                                                         | 72,00,000    | 31,39,100  | 8,80,258                                                                              | 3,37,430     | 4,09,00,000 | -            | 5,24,56,788 |
| Non- Executive Directors                                                                                 |                                                                             |              |            |                                                                                       |              |             |              |             |
| 2                                                                                                        | Mr. Atul Kirloskar                                                          | -            | -          | -                                                                                     | -            | 1,82,00,000 | 4,00,000     | 1,86,00,000 |
| 3                                                                                                        | Mr. Rahul C. Kirloskar                                                      | -            | -          | -                                                                                     | -            | 30,00,000   | 5,25,000     | 35,25,000   |
| 4                                                                                                        | Mr. Mahesh R. Chhabria<br>(upto close of working hours of 31st March, 2025) | -            | -          | -                                                                                     | -            | 0           | 7,25,000     | 7,25,000    |
| 5                                                                                                        | Mr. Vinesh Kumar<br>Jairath                                                 | -            | -          |  - | -            | 31,00,000   | 8,00,000     | 39,00,000   |
| 6                                                                                                        | Mr. Satish Jamdar                                                           | -            | -          | -                                                                                     | -            | 26,50,000   | 10,25,000    | 36,75,000   |
| 7                                                                                                        | Dr. Kandathil Mathew<br>Abraham                                             | -            | -          | -                                                                                     | -            | 32,50,000   | 10,00,000    | 42,50,000   |
| 8                                                                                                        | Dr. Shalini Sarin                                                           | -            | -          | -                                                                                     | -            | 16,50,000   | 5,50,000     | 22,00,000   |
| 9                                                                                                        | Mr. Yogesh Kapur                                                            | -            | -          | -                                                                                     | -            | 21,00,000   | 9,75,000     | 30,75,000   |
| 10                                                                                                       | Mrs. Purvi Sheth                                                            | -            | -          | -                                                                                     | -            | 19,50,000   | 8,25,000     | 27,75,000   |
| 11                                                                                                       | Mr. Arvind Goel                                                             | -            | -          | -                                                                                     | -            | 16,00,000   | 8,00,000     | 24,00,000   |
| Total                                                                                                    |                                                                             | 72,00,000    | 31,39,100  | 8,80,258                                                                              | 3,37,430     | 7,84,00,000 | 76,25,000    | 97,581,788  |

**Notes:**

- Allowances include house rent and leave travel allowance.
- Statutory Contributions include Company's contribution to provident fund and superannuation fund/Annuity Fund/National Pension Scheme.
- \*Perquisites includes House rent paid, reimbursement of medical, gas and electricity expenses, perquisite value as per Income Tax Rules for furniture at residence but excludes motor car. The above figures do not include provision for leave encashment and gratuity as actuarial valuation of such provision for the Key Management Personnel is included in the total provision for gratuity and leave encashment.

## 7. EMPLOYEE STOCK OPTION PLAN

No options granted to Independent Directors of the Company during the Financial Year under review in terms of Kirloskar Oil Engines Limited – Employee Stock Option Plan 2019. The further details are forming part of Board's Report for the year ended 31st March, 2025.

## 8. DETAILS OF GENERAL BODY MEETINGS

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

| During FY | Date              | Time       | Type of Meeting | Venue                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Special Resolutions passed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-----------|-------------------|------------|-----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2022-23   | 11th August, 2022 | 11.30 a.m. | Annual General  | Through Video Conferencing Mode, in compliance of provisions of the Companies Act, 2013 ('the Act') and Rules thereof read with the General Circular No. 14/2020 dated 8th April, 2020; the General Circular No. 17/2020 dated 13th April, 2020, the General Circular No. 20/2020 dated 5th May, 2020, General Circular No. 02/2021 dated 13th January, 2021, the General Circular No. 19/2021 dated 8th December, 2021, the General Circular No. 21/2021 dated 14th December, 2021 and the General Circular No. 2/2022 dated 5th May, 2022 issued by the Ministry of Corporate Affairs (herein after referred as "Circulars") and the SEBI Listing Regulations, read with the SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15th January, 2021 and SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13th May, 2022                                                       | <ol style="list-style-type: none"> <li>1. Appointment of Mr. Yogesh Kapur (DIN 00070038) as an Independent Director of the Company to hold office for a first term of five (5) consecutive years with effect from 29th September, 2021.</li> <li>2. Appointment of Mrs. Purvi Sheth (DIN 06449636) as an Independent Director of the Company to hold office for a first term of five (5) consecutive years with effect from 19th May, 2022.</li> <li>3. Re-appointment of Mr. Satish Jamdar (DIN 00036653) as an Independent Director of the Company to hold office for a second term of 4 (four) consecutive years with effect from 4th August 2022, whose period of office was liable to expire on 3rd August, 2022.</li> </ol> |
| 2023-24   | 11th August, 2023 | 11.30 a.m. | Annual General  | Through Video Conferencing Mode, in compliance of provisions of the Companies Act, 2013 ('the Act') and Rules thereof read with the General Circular No. 14/2020 dated 8th April, 2020; the General Circular No. 17/2020 dated 13th April, 2020, the General Circular No. 20/2020 dated 5th May, 2020, General Circular No. 02/2021 dated 13th January, 2021, the General Circular No. 21/2021 dated 14th December, 2021, the General Circular No. 2/2022 dated 5th May, 2022 and General Circular No. 10/2022 dated 28th December, 2022 issued by the Ministry of Corporate Affairs (herein after referred as "Circulars") and the SEBI Listing Regulations, read with the SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15th January, 2021, SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13th May, 2022 and SEBI/HO/CFD/PoD-2/P/ CIR/2023/4 dated 5th January, 2023 | <ol style="list-style-type: none"> <li>1. Appointment of Mr. Arvind Goel (DIN 02300813), as an Independent Director of the Company to hold office for a first term of five (5) consecutive years with effect from 19th May, 2023.</li> <li>2. Alteration of Object Clause of the Memorandum of Association of the Company.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                             |

| During FY | Date             | Time       | Type of Meeting | Venue                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Special Resolutions passed                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-----------|------------------|------------|-----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2024-25   | 8th August, 2024 | 11.30 a.m. | Annual General  | Through Video Conferencing Mode, in compliance of provisions of the Companies Act, 2013 ('the Act') and Rules thereof read with the General Circular No. 14/2020 dated 8th April, 2020; the General Circular No. 17/2020 dated 13th April, 2020, the General Circular No. 20/2020 dated 5th May 2020, the General Circular No. 02/2021 dated 13th January, 2021, the General Circular No. 21/2021 dated 14th December, 2021, the General Circular No. 2/2022 dated 5th May, 2022 and the General Circular No. 10/2022 dated 28th December, 2022, and General Circular No.09/2023 dated 25th September, 2023, issued by the Ministry of Corporate Affairs (herein after referred as "Circulars") and the SEBI Listing Regulations, read with the SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15th January 2021, SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13th May, 2022 and SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated 5th January 2023, Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated 11th July, 2023, and SEBI Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated 7th October, 2023 | <ol style="list-style-type: none"> <li>1. Re-appointment of Dr. Kandathil Mathew Abraham (DIN 05178826), as an Independent Director of the Company to hold office for a Second term of 5 (five) consecutive years with effect from 10th August, 2024.</li> <li>2. Re-appointment of Dr. Shalini Sarin (DIN 06604529), as an Independent Director of the Company to hold office for a Second term of 5 (five) consecutive years with effect from 25th October, 2024</li> </ol> |

## 9. RESOLUTION PASSED BY POSTAL BALLOT

No resolution was passed through the postal ballot during the Financial Year 2024-25.

During the Financial Year 2023-24, the members of the Company by way of postal ballot and e-voting with requisite majority, on 24th April, 2024, approved the re-appointment of Mr. Atul Kirloskar as a Chairman and Non-Executive Director, with effect from 1st April, 2024 for a term of 2 (two) years, details of which are included in the Report on Corporate Governance for Financial Year 2023-24, forming part of Annual Report for Financial Year 2023-24.

## 10. PARTICULARS OF APPOINTMENT / RE-APPOINTMENT OF DIRECTORS

The particulars of appointment / re-appointment of directors are given in the explanatory statement of notice of the Annual General Meeting.

## 11. MEANS OF COMMUNICATION

### a. Quarterly results

The Quarterly and Half Yearly results are published in national and local dailies such as Financial Express (English all quarters) and Loksatta (Marathi - all quarters), having wide circulation. Pursuant to the amended SEBI Listing Regulations, a Quick Response code of the full results is also published in the national and local dailies such as Financial Express (English) and Loksatta (Marathi) effective from quarter 3 of Financial Year 2024-25. Since the results of the Company were published in the newspapers, half yearly reports were not sent individually to the shareholders. The Company's results, Press Release on results and official news releases are displayed on the Company's website [www.kirloskaroilengines.com](http://www.kirloskaroilengines.com) and also available on the websites, viz. [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com).

### b. Presentations to Institutional Investors / Analysts

Presentations are made to analysts on a quarterly basis. The presentations are displayed on Company's website [www.kirloskaroilengines.com](http://www.kirloskaroilengines.com) under Investors' Relations section and also disseminated to the BSE Limited and National Stock Exchange of India Limited where Company's equity shares are listed.

In addition to above, K-Group Investor Day, investor interactions one-to-one and participation in various Group investors meetings were also organized during the Financial Year under review.



**c. NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre**

The NEAPS and the Listing Centre of BSE are web based application designed by National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) respectively for corporates. All periodical compliance filings like shareholding pattern, corporate governance report / Integrated filing - Governance report, quarterly results, Corporate Announcements etc. are filed electronically on NEAPS and the Listing Centre of BSE.

**12. GENERAL INFORMATION FOR SHAREHOLDERS**

**a. Annual General Meeting**

|                                                            |                                                                                                                                                                                                                                                                       |
|------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Corporate Identification Number (CIN)</b>               | L29100PN2009PLC133351 (Registrar of Companies, Pune)                                                                                                                                                                                                                  |
| <b>Annual General Meeting</b>                              | Date and Day : <b>7th August, 2025, Thursday</b><br>Time : <b>11.30 am</b><br>Venue : Through Video Conferencing (VC) / Other Audio Visual Means (OAVM)                                                                                                               |
| <b>Financial Year ended</b>                                | 31st March, 2025                                                                                                                                                                                                                                                      |
| <b>Book Closure</b>                                        | 1st August, 2025 to 7th August, 2025 (Both days inclusive)                                                                                                                                                                                                            |
| <b>Last date of receipt of proxy forms</b>                 | The requirement of accepting Proxy Forms has been dispensed with as per MCA Circular No. 20/2020 dated 5th May 2020, as it is directed to conducting Annual General Meeting through VC / OAVM.                                                                        |
| <b>Financial Calendar 2024-25</b>                          | For the Financial Year 2024-25, the results were announced as under:<br>First quarter : 7th August, 2024<br>Second quarter : 12th November, 2024<br>Third quarter : 11th February, 2025<br>Fourth quarter and FY 2024-25: 14th May, 2025                              |
| <b>International Security Identification Number (ISIN)</b> | INE146L01010                                                                                                                                                                                                                                                          |
| <b>Name &amp; address of Stock Exchange and Stock Code</b> | 1. BSE Limited (BSE) – 533293 Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.<br>2. National Stock Exchange of India Limited (NSE) – KIRLOSENG<br>Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051. |
| <b>Listing fees</b>                                        | The Annual Listing fee for the Financial Year 2024-25 has been paid to BSE and NSE, where the Company's shares are listed.                                                                                                                                            |

**b. Shareholding Pattern as on 31st March, 2025**

| Category                                     | No. of shares of ₹ 2/- each | % of Share holding |
|----------------------------------------------|-----------------------------|--------------------|
| Promoter and Promoter Group                  | 5,97,39,308                 | 41.15              |
| Foreign Institutional Investors (FII)        | 1,32,75,017                 | 9.14               |
| Foreign National                             | 1,132                       | 0.00               |
| Individuals                                  | 2,71,95,970                 | 18.73              |
| Insurance Companies                          | 25,80,582                   | 1.78               |
| Financial Institution and Banks (FI & Banks) | 53,276                      | 0.04               |
| Mutual Fund                                  | 3,40,17,011                 | 23.43              |
| Bodies Corporate                             | 26,88,796                   | 1.85               |
| Non Resident Indians                         | 8,18,954                    | 0.56               |
| Investor Education and Protection Fund       | 25,14,528                   | 1.73               |
| Others                                       | 22,94,650                   | 1.58               |
| <b>TOTAL</b>                                 | <b>14,51,79,224</b>         | <b>100.00</b>      |

**c. Distribution of shareholding as on 31st March, 2025**

| Range of Shares | No. of shareholders | No. of Shares | % to total shares |
|-----------------|---------------------|---------------|-------------------|
| 1- 500          | 1,04,670            | 61,87,702     | 4.26              |
| 501-1000        | 3,516               | 25,87,730     | 1.78              |
| 1001-5000       | 3,325               | 71,48,685     | 4.92              |
| 5001-10000      | 453                 | 32,52,771     | 2.24              |
| 10001-20000     | 210                 | 28,85,818     | 1.99              |
| 20001-30000     | 65                  | 15,88,873     | 1.09              |
| 30001-40000     | 37                  | 13,16,772     | 0.91              |

| Range of Shares | No. of shareholders | No. of Shares       | % to total shares |
|-----------------|---------------------|---------------------|-------------------|
| 40001-50000     | 31                  | 13,96,934           | 0.96              |
| 50001-100000    | 48                  | 36,34,153           | 2.50              |
| 100001-Above    | 104                 | 11,51,79,786        | 79.35             |
| <b>Total</b>    | <b>1,12,459</b>     | <b>14,51,79,224</b> | <b>100.00</b>     |

**Dematerialization of shares and liquidity (as on 31st March, 2025)** 14,29,40,510 Equity Shares (98.46%)

**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.

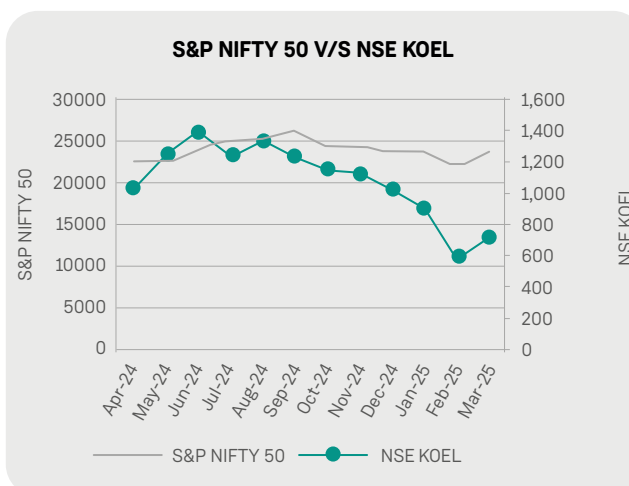
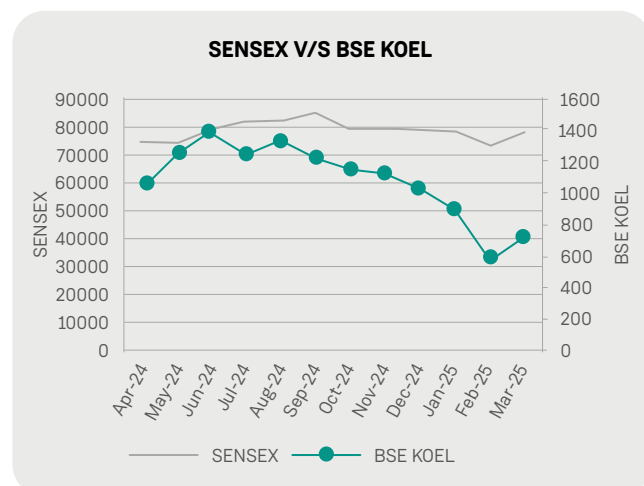
#### d. Market Price Data

Monthly high/low share prices during the Financial Year 2024-25 on the BSE and NSE are as below:

| BSE    |            |           |
|--------|------------|-----------|
| Month  | High Price | Low Price |
| Apr-24 | 1054.00    | 780.05    |
| May-24 | 1379.35    | 975.10    |
| Jun-24 | 1434.30    | 1090.00   |
| Jul-24 | 1450.00    | 1192.65   |
| Aug-24 | 1379.00    | 1088.65   |
| Sep-24 | 1404.95    | 1195.40   |
| Oct-24 | 1245.00    | 1004.00   |
| Nov-24 | 1238.00    | 1040.00   |
| Dec-24 | 1196.25    | 1002.55   |
| Jan-25 | 1063.95    | 828.70    |
| Feb-25 | 927.15     | 544.15    |
| Mar-25 | 769.00     | 570.55    |

| NSE    |            |           |
|--------|------------|-----------|
| Month  | High Price | Low Price |
| Apr-24 | 1,056.95   | 845.00    |
| May-24 | 1,379.00   | 974.40    |
| Jun-24 | 1,435.00   | 1,090.00  |
| Jul-24 | 1,450.00   | 1,192.05  |
| Aug-24 | 1,379.70   | 1,087.65  |
| Sep-24 | 1,404.85   | 1,195.00  |
| Oct-24 | 1,248.85   | 1,001.00  |
| Nov-24 | 1,209.00   | 1,039.65  |
| Dec-24 | 1,195.00   | 1,003.05  |
| Jan-25 | 1,064.35   | 828.00    |
| Feb-25 | 927.00     | 544.40    |
| Mar-25 | 762.50     | 571.00    |

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 Nifty 50 for the year 2024-25



#### e. Share Transfer System

Pursuant to the directive of the SEBI, physical transfer of shares has been dispensed with. Equity shares of the Company can only be transferred in dematerialized form. In reference to SEBI Circular dated 25th January, 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 dematerialization of the said securities.

SEBI vide circular dated 18th May, 2022, revised the limits for waiver of Succession Certificate or Probate of Will or Will or Letter of Administration for Securities in physical mode from ₹ 2 Lacs to ₹ 5 Lacs and for Securities in demat mode from ₹ 5 Lacs to ₹ 15 Lacs. Further, SEBI vide circular dated 25th May, 2022, revised the limits for waiver of FIR and Newspaper advertisement for issue of duplicate share certificate for securities from ₹ 50,000/- to ₹ 5 Lacs.

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

Pursuant to the SEBI Listing Regulations, a certificate on yearly basis is issued by the Practicing Company Secretary for compliance with share transmission/deletion/sub-division, consolidation, renewal, exchange formalities etc. by the Company.

The information on procedures and forms, which are being asked for by the members frequently, viz., Indemnity/ Affidavit etc. for issue of duplicate certificates, transmission procedure, change of address, NECS form, Nomination Form, information about shares allotted pursuant to the Scheme of Arrangement for Demerger/Composite Scheme etc. are uploaded on the Company's website under Investors' Relations section.

**f. List of all credit ratings obtained by the Company during the Financial Year for all debt instruments or any fixed deposit programme or any scheme or proposal involving mobilization of funds, whether in India or abroad**

CRISIL has upgraded the credit rating from CRISIL AA/ Positive to AA+/Stable for Company's long term bank facility and reaffirmed CRISIL A1+ for short term bank facility, respectively.

**g. Address for correspondence**

**Registrar and Share Transfer Agent**

The Company had appointed MUFG Intime India Private Limited (earlier known as Link Intime India Private Limited) as Registrar & Share Transfer Agent (R & T Agent). All physical transfers, transmission, transposition, issue of duplicate share certificate/s, issue of demand drafts in lieu of dividend warrants, change of address etc. as well as requests for dematerialisation / rematerialisation are being processed at MUFG Intime India Private Limited.

The contact details are as follows:

|                                                                                                |                                                                                                                                                                                                      |
|------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>MUFG Intime India Private Limited (Formerly known as Link Intime India Private Limited)</b> | Block No. 202, 2nd Floor, 'Akshay' Complex, Off Dhole Patil Road, Pune - 411 001 Tel: 91- 20 26161629 / 26160084/4601 4473 Email: - <a href="mailto:pune@in.mpms.mufg.com">pune@in.mpms.mufg.com</a> |
|------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**i. Plant Locations**

| Sr. No. | Location | Address                                                                                                                | Products manufactured                                                             |
|---------|----------|------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| 1       | Pune     | Laxmanrao Kirloskar Road, Khadki, Pune, Maharashtra - 411 003                                                          | Engines                                                                           |
| 2       | Kagal    | Plot No. D1, 5 star MIDC, Kagal-Hatkanangale Industrial Area, Tal - Hatkanangale, District-Kolhapur. Pin - 416236      | Diesel Engines and Generator Set                                                  |
| 3       | Nashik   | A-11/1, MIDC, Ambad, Nashik Maharashtra - 422010                                                                       | Engines and Gensets                                                               |
| 4       | Bhare    | Plot No. 10 A, Gat No. 405, Village - Bhare, Tal. Mulshi, Dist. Pune - 412115                                          | Gensets, Pumpsets and Power Weeder Engines                                        |
| 5       | Rajkot   | Plot No 2315/16, 2330/31,GIDC, Lodhika Industrial Estate, Rajkot, D4 Almighty GateRoad, Village Metoda, Rajkot -360021 | Centrifugal pumps, Engine Pump sets, Engines for Agricultural and general purpose |

**h. Investor Education and Protection Fund (IEPF)**

In accordance with the provisions of sections 124 and 125 of the Act and Investor Education and including amendments thereunder ("IEPF Rules") dividends which remain unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account are required to be transferred by the Company to the Investor Education and Protection Fund ("IEPF"). The Members whose dividend/ shares are transferred to the IEPF Authority can claim their shares/dividend from the IEPF Authority following the procedure prescribed in the Rules.

In accordance with the said IEPF Rules and its amendments, the Company had sent notices to all the Shareholders whose shares were due for transfer to the IEPF Authority and simultaneously published newspaper advertisements. The Company had frequently sent communication to these shareholders by email whose email address are available with R&T / DP and also through various other modes viz. notice of general meeting or notice regarding deduction of tax at source (TDS) for dividend payment etc.

The voting rights on these shares shall remain frozen until the rightful owner claims the shares.

The Company has appointed a Nodal Officer under the provisions of IEPF, the details of which are available on the website of the Company [https://www.kirloskaroilengines.com/documents/541738/602740/INVESTOR+CONTACT+as+on+12\\_March+2025\\_KOEL.pdf/d6f362e7-0b2b-534c-746b-d941a1415128?t=174411703788](https://www.kirloskaroilengines.com/documents/541738/602740/INVESTOR+CONTACT+as+on+12_March+2025_KOEL.pdf/d6f362e7-0b2b-534c-746b-d941a1415128?t=174411703788). Further, the Company has also appointed Deputy Nodal Officer to assist the Nodal Officer to inter-alia verify the claim(s) and co-ordinate with the IEPF Authority.

The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 31st March, 2024 on the Company's website and on the website of the Ministry of Corporate Affairs at [www.iepf.gov.in](http://www.iepf.gov.in).



### 13. DISCLOSURES

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 SEBI Listing Regulations.

This Corporate Governance Report of the Company for the Financial Year 2024-25 is in compliance with the requirements of Corporate Governance under SEBI Listing Regulations.

#### a. Related Party Transactions

There were no materially significant related party transactions during the Financial Year that have a potential conflict with the interests of the Company at a large. Related Party Disclosure as per Regulation 34 (3) read with Schedule V of the SEBI Listing Regulations and Indian Accounting Standards (IND AS 24) has been made in note no. 41.5.11 to the Standalone Financial Statements in the Annual Report.

The Company also discloses related party transactions on a half-yearly basis, in the prescribed format with the Stock Exchange(s).

The Board of Directors had formulated a policy for dealing with related party transactions which is available on the website of the Company. (Web-link – <https://www.kirloskaroilengines.com/documents/541738/2e7ca0da-a3d6-42bf-6f71-09e08b678f48>)

#### b. 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 in the last 3 (three) years. Neither penalties have been imposed nor any strictures imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter related to capital markets.

#### c. Vigil Mechanism / Whistle Blower Policy

The Company has a Vigil Mechanism / Whistle Blower Policy to deal with instances of fraud, unethical behavior, mismanagement etc. This Policy has been amended with effect from 1st April, 2019 to include instances of leakage of Unpublished Price Sensitive Information. This would, *inter-alia*, provide a mechanism for employees of the Company and other persons dealing with the Company to report to the Chairman of the Audit Committee any instance of unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. No person has been denied access to the Audit Committee in this regard. The policy is uploaded on the website of the Company. The e-learning and awareness on whistleblower policy is made available to the employees of the Company.

As a part of journey towards excellence in Corporate Governance, the Board of Directors amended the Vigil Mechanism / Whistle Blower Policy to adopt online whistle blower mechanism by email or 24 hours hotline number, website or other mode of communication through an independent person/firm. This mechanism has provided platform to the employees of the Company to ask questions

or report any potential instance of ethical misconduct, malpractice or non-compliance.

#### d. Policy on Material Subsidiary

The Board of Directors had formulated a Material Subsidiary policy which is available on the website of the Company.

(Web-link – <https://www.kirloskaroilengines.com/documents/541738/7e98a124-ff71-d384-9804-290bec9218e6>)

During the Financial Year under review, as per the audited Consolidated Financial Statements of the Company for Financial Year 2023-24, Arka Financial Holdings Private Limited and Arka Fincap Limited were “material subsidiaries” of the Company as per Regulation 16(1)(c) of the SEBI Listing Regulations.

#### e. Dividend Distribution Policy

Pursuant to Regulation 43A of SEBI Listing Regulations, the Board of Directors had formulated a Dividend Distribution Policy which is available on the website of the Company.

(Web-link-<https://www.kirloskaroilengines.com/documents/541738/0a36d92a-4450-1010-8a11-d92ec5426c7c>)

#### f. Policy on Preservation of Documents



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

#### g. Disclosure of commodity price risk, foreign exchange risk and commodity hedging activities

The Company does not have any significant direct exposure in commodities for hedging through commodity derivatives. The Company manages the foreign exchange risk and hedge to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against exports and imports, as and when required. The details of foreign currency exposure are disclosed in Note No. 40.5.15 to the financial statements in the Annual Report.

#### h. CEO/CFO Certification

The CEO/CFO Certificate signed by Ms. Gauri Kirloskar, Managing Director and Mr. Sachin Kejriwal, Chief Financial Officer was placed before the meeting of the Board of Directors held on 14th May, 2025 stating that the financial results do not contain any false or misleading statement or figures and do not omit any material fact, which may make the statement, or figures contained therein misleading and also that no transaction has taken place which is illegal / violative to company's conduct.

#### i. Disclosure with respect to unclaimed shares

The Company has sent two reminders to those shareholders, whose share certificates have returned undelivered by the postal authorities due to insufficient / incorrect information and are lying with the Company. The Company will be dispatching third reminder letter in due course.

As on 31st March, 2025, the total unclaimed equity shares are 3,42,315 shares.

**j. Certificate from the Practicing Company Secretary**

The certificate from Mr. Mahesh Risbud, Practicing Company Secretary, [CP No. 185] stating 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.

**k. Recommendations of Committee of Board of Directors**

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

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

Fees of ₹ 51 Lakhs was paid by the Company, fees of ₹ 4.05 Lakhs was paid by Arka Financial Holdings Private Limited, Subsidiary Company and ₹ 2.40 Lakhs was paid by Arka Investments Advisory Services Private Limited, step down Subsidiary Company to M/s. G.D. Apte & Co., Chartered Accountants, Statutory Auditors of the Company during the Financial Year 2024-25.

**m. Disclosure of Sexual Harassment at Workplace**

The Company is committed to maintain an environment in which all its employees can work together in an environment free from prejudice or harassment or any form of intimidation or exploitation including, gender violence, sexual harassment and discrimination on the basis of gender.

Information of Material Subsidiaries based on the audited Consolidated Financial Statements of the Company for the Financial Year 2024-25 is as under :

| Sr. No. | Name of Material Subsidiary             | Date of Incorporation | Place of Incorporation | Name of Statutory Auditor                                                 | Date of Appointment of Statutory Auditors                                     |
|---------|-----------------------------------------|-----------------------|------------------------|---------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| 1       | Arka Fincap Limited                     | 20th April, 2018      | Mumbai                 | M/s. Singhi & Co., Chartered Accountants, Mumbai (having FRN 302049E)     | 30th April, 2024 for a term of 3 (three) years from FY 2024-25 to FY 2026-27. |
| 2       | Arka Financial Holdings Private Limited | 13th July, 2021       | Mumbai                 | M/s G. D. Apte & Co., Chartered Accountants, Pune, (having FRN. 100 515W) | 3rd May, 2024 for a term of 5 (five) years from FY 2024-25 to FY 2028-29      |

**q. Disclosure under clause 5A of Paragraph A of Part A of Schedule III**

NIL

**r. Non-Mandatory / discretionary requirements**

The extent of adoption of non-mandatory / discretionary requirements is as follows:

**i. The Board**

The Chairman of the Company as on 31st March, 2025 is a Non-Executive Director. He is entitled to maintain his office at the listed entity's expense and also allowed reimbursement of expenses incurred in performance of his duties.

**ii. Audit qualifications**

There are no audit qualifications on the financial statements of the Company.

**iii. Shareholder Rights**

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

The Company has an Internal Complaints Committee (ICC) constituted for each location, all committee members and their contact details are available on the Company's internal portal along with the Policy on Prevention of Sexual Harassment (POSH), which is accessible to all employees of the Company.

Awareness programs are conducted on the POSH during the Financial Year. Also, all new joiners at the Company undergo separate induction on POSH policy. Online course on POSH is made available to employees which includes details of regulatory requirements, incidents that constitutes sexual harassment, dealing with sexual harassment etc.

There were no complaints filed / pending with the Company during the Financial Year in relation to sexual harassment of women at workplace.

**n. Loans and advances in the nature of loans to firms/ companies in which directors are interested by name and amount**

NIL

**o. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A)**

Not Applicable

**p. Details of material subsidiaries of the listed entity; including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries**

## Declaration for Compliance with Code of Conduct

The members of Kirloskar Oil Engines Limited

I hereby declare that all Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct, 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 Oil Engines Limited**

**Place: Pune**

Date: 14th May, 2025

Sd/-

**Gauri Kirloskar**

Managing Director





## Independent Auditor's Certificate on Compliance with the Corporate Governance requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereunder

The Members

**Kirloskar Oil Engines Limited**

We have examined the compliance of conditions of Corporate Governance by Kirloskar Oil Engines Limited ('the Company'), for the year ended March 31, 2025, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as amended from time to time.

### Management's Responsibility

The Management is responsible for ensuring that the Company complies with the conditions of Corporate Governance. This responsibility also includes the design, implementation and maintenance of internal controls and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

### Auditor's Responsibility

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

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

We conducted our examination in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India ("ICAI"), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that

Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements issued by ICAI.

### Opinion

Based on our examination as above and to the best of the information and explanations given to us and representations provided by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the Listing Regulations during the year ended March 31, 2025.

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.

### Restriction on Use

The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirements of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this Certificate for any events or circumstances occurring after the date of this Certificate.

### For G.D. Apte & Co.

Chartered Accountants  
Firm Registration number: 100 515W  
UDIN: 25121007BMITBK8528

Sd/-

**Anagha M. Nanivadekar**  
**Partner**

Membership Number: 121007  
Pune, May 14, 2025

# Business Responsibility and Sustainability Report



## SECTION A: GENERAL DISCLOSURES

### I. Details of the listed entity

|     |                                                                                                                                                                                                                                                                    |                                                                                                         |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| 1.  | Corporate Identity Number (CIN) of the Listed Entity                                                                                                                                                                                                               | L29100PN2009PLC133351                                                                                   |
| 2.  | Name of the Listed Entity                                                                                                                                                                                                                                          | Kirloskar Oil Engines Limited                                                                           |
| 3.  | Year of incorporation                                                                                                                                                                                                                                              | 2009                                                                                                    |
| 4.  | Registered office address                                                                                                                                                                                                                                          | Laxmanrao Kirloskar Road, Khadki, Pune – 411003                                                         |
| 5.  | Corporate address                                                                                                                                                                                                                                                  | One Avante, Karve Road, Kothrud, Pune - 411038                                                          |
| 6.  | E-mail                                                                                                                                                                                                                                                             | <a href="mailto:sustainability@kirloskar.com">sustainability@kirloskar.com</a>                          |
| 7.  | Telephone                                                                                                                                                                                                                                                          | 020 - 25810341                                                                                          |
| 8.  | Website                                                                                                                                                                                                                                                            | <a href="http://www.kirloskaroilengines.com">www.kirloskaroilengines.com</a>                            |
| 9.  | Financial year for which reporting is being done                                                                                                                                                                                                                   | FY 2024-25                                                                                              |
| 10. | Name of the Stock Exchange(s) where shares are listed                                                                                                                                                                                                              | BSE Limited and National Stock Exchange of India Limited                                                |
| 11. | Paid-up Capital                                                                                                                                                                                                                                                    | ₹ 29.04 Crore                                                                                           |
| 12. | Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report                                                                                                                                   | Ms. Farah Irani,<br>7757874812,<br><a href="mailto:investors@kirloskar.com">investors@kirloskar.com</a> |
| 13. | Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together). | Standalone Basis                                                                                        |
| 14. | Name of assurance provider                                                                                                                                                                                                                                         | BDO India LLP                                                                                           |
| 15. | Type of assurance obtained                                                                                                                                                                                                                                         | Limited Assurance                                                                                       |

### II. Product/Services

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

| Sr. No. | Description of Main Activity | Description of Business Activity                                                    | % of Turnover of the entity |
|---------|------------------------------|-------------------------------------------------------------------------------------|-----------------------------|
| 1.      | B2B Segment                  | Power Generation, Industrial, Distribution & Aftermarket and International Business | 87.39%                      |
| 2.      | B2C Segment                  | Water Management Solutions, Farm Mechanization Solutions and International Business | 12.61%                      |

#### 17. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

| Sr. No. | Product/Service | NIC Code | % of total Turnover contributed |
|---------|-----------------|----------|---------------------------------|
| 1.      | Gensets         | 271      | 20.1%                           |
| 2.      | Engines         | 281      | 78.9%                           |

### III. Operations

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

| Location       | Number of Plants | Number of Offices | Total |
|----------------|------------------|-------------------|-------|
| National       | 5                | 10                | 15    |
| International* | 0                | 1                 | 1     |

\*The Company is in process of closure of Liaison Office established at Nepal. The Liaison Office at Bangladesh was closed during Financial Year 2024-25.

## 19. Markets served by the entity

### a. Number of locations

| Location                         | Number                                                                     |
|----------------------------------|----------------------------------------------------------------------------|
| National (No. of States)         | All over India                                                             |
| International (No. of Countries) | Select countries in North America, Europe, South America, Asia, and Africa |

### b. What is the contribution of exports as a percentage of the total turnover of the entity?

10.46%

### c. A brief on types of customers

#### B2B Segment

The Company serves a diverse range of sectors within the B2B space. In power generation, it supports key industries such as retail, hospitality, education, healthcare, real estate, infrastructure, and telecommunications. On the industrial front, it collaborates with Original Equipment Manufacturers (OEMs) across segments like industrial machinery, tractors, construction equipment, material handling, and earthmoving. Additionally, it plays a critical role in supporting firefighting and institutional applications, including power generation for industrial plants, national grid requirements under the National Power Portal (NPP), and essential services such as emergency, defence, and marine operations. The Company also caters to commercial marine needs, fishing vessel engines, and railway applications. Internationally, it extends its presence across construction, hospitality, agricultural pump sets, and mining sectors.

#### B2C Segment

Within the B2C domain, the Company is actively involved in promoting farm mechanization and water management solutions. These efforts are directed towards agriculture and allied activities, alongside providing value to residential and commercial customers.

## IV. Employees

### 20. Details as of the end of the financial year:

#### a. Employees and workers (including the differently abled):

| Sr. No.   | Particulars               | Total (A) | Male   |        | Female |        |
|-----------|---------------------------|-----------|--------|--------|--------|--------|
|           |                           |           | No.(B) | %(B/A) | No.(C) | %(C/A) |
| EMPLOYEES |                           |           |        |        |        |        |
| 1.        | Permanent(D)              | 2344      | 2231   | 95.2%  | 113    | 4.8%   |
| 2.        | Other than Permanent (E)  | 132       | 90     | 68.2%  | 42     | 31.8%  |
| 3.        | Total employees (D+E)     | 2476      | 2321   | 93.7%  | 155    | 6.3%   |
| WORKERS   |                           |           |        |        |        |        |
| 4.        | Permanent(F)              | 125       | 125    | 100.0% | 0      | 0.0%   |
| 5.        | *Other than Permanent (G) | 1876      | 1823   | 97.2%  | 53     | 2.8%   |
| 6.        | Total workers (F+G)       | 2001      | 1948   | 97.4%  | 53     | 2.6%   |

\* This includes contractual employees for all Plant locations

#### b. Differently abled Employees and workers:

| Sr. No.                     | Particulars                             | Total (A) | Male   |        | Female |        |
|-----------------------------|-----------------------------------------|-----------|--------|--------|--------|--------|
|                             |                                         |           | No.(B) | %(B/A) | No.(C) | %(C/A) |
| DIFFERENTLY ABLED EMPLOYEES |                                         |           |        |        |        |        |
| 1.                          | Permanent(D)                            | 0         | 0      | 0%     | 0      | 0%     |
| 2.                          | Other than Permanent (E)                | 0         | 0      | 0%     | 0      | 0%     |
| 3.                          | Total differently-abled employees (D+E) | 0         | 0      | 0%     | 0      | 0%     |
| DIFFERENTLY ABLED WORKERS   |                                         |           |        |        |        |        |
| 4.                          | Permanent(F)                            | 0         | 0      | 0%     | 0      | 0%     |
| 5.                          | Other than Permanent (G)                | 0         | 0      | 0%     | 0      | 0%     |
| 6.                          | Total differently-abled workers (F+G)   | 0         | 0      | 0%     | 0      | 0%     |



**21. Participation/Inclusion/Representation of Women:**

|                          | Total (A) | Number and percentage of Females |        |
|--------------------------|-----------|----------------------------------|--------|
|                          |           | No.(B)                           | %(B/A) |
| Board of Directors       | 11        | 3                                | 27.27  |
| Key Management Personnel | 3         | 1                                | 33.33  |

**22. Turnover rate for permanent employees and workers:**

(Disclose trends for the past 3 years)

|                     | FY 2025 |        |       | FY 2024 |        |       | FY 2023 |        |       |
|---------------------|---------|--------|-------|---------|--------|-------|---------|--------|-------|
|                     | Male    | Female | Total | Male    | Female | Total | Male    | Female | Total |
| Permanent Employees | 8.39%   | 12.38% | 8.76% | 8.8%    | 12.5%  | 9.1%  | 8.4%    | 26.3%  | 9%    |
| Permanent Workers   | 1%      | 0%     | 1%    | 1%      | 0%     | 1%    | 0%      | 0%     | 0%    |

**V. Holding, Subsidiary, and Associate Companies (including joint ventures)**

**23. a. Names of Holding/ Subsidiary/ Associate Companies/ Joint Ventures**

| Sr. No. | Name of the Holding/Subsidiary / Associate Companies / Joint Ventures | Indicate whether Holding/ Subsidiary/ Associate/ Joint Venture | % of shares held by listed entity | Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No) |
|---------|-----------------------------------------------------------------------|----------------------------------------------------------------|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| 1       | Kirloskar Americas Corporation, USA (KAC)                             | KOEL Subsidiary                                                | 100%                              | No                                                                                                                           |
| 2       | La-Gajjar Machineries Private Limited, Ahmedabad (LGM)                | KOEL Subsidiary                                                | 100%                              | No                                                                                                                           |
| 3       | Arka Financial Holdings Private Limited, Mumbai (AFHPL)               | KOEL Subsidiary                                                | 100%                              | No                                                                                                                           |
| 4       | Kirloskar International ME FZE, UAE (KIME)                            | KOEL Subsidiary                                                | NA                                | No                                                                                                                           |
| 5       | Arka Fincap Limited, Mumbai (AFL)                                     | Subsidiary of AFHPL                                            | -                                 | No                                                                                                                           |
| 6       | Arka Investment Advisory Services Private Limited, Mumbai (AIASPL)    | Subsidiary of AFHPL                                            | -                                 | No                                                                                                                           |
| 7       | ESVA Pumps India Private Limited, Coimbatore (ESVA)                   | Associate/Joint Venture of LGM upto 28th September 2024        | -                                 | No                                                                                                                           |
| 8       | Engines LPG LLC dba Wildcat Power Gen, USA (ELL)                      | Subsidiary of KAC                                              | -                                 | No                                                                                                                           |

Note:

·During the year the Joint Venture arrangement between LGM and ESVA has been terminated with effect from 28th September 2024.

·Kirloskar International ME FZE was incorporated on 7th January, 2025, as wholly owned subsidiary of the Company and Board of Directors of the Company has approved the initial investment in the share capital of KIME upto ₹ 1.50 Crore.

**VI. CSR Details**

**24. (i) Whether CSR is applicable as per section 135 of the Companies Act, 2013 (Yes/No): Yes**

(ii) Turnover (in ₹) : 5,072.71 Crore

(iii) Net worth (in ₹) : 2,970.66 Crore

## VII. Transparency and Disclosure Compliances

### 25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

| Stakeholder group from whom the complaint is received | Grievance Redressal Mechanism in Place (Yes/No)<br>(If Yes, then provide web-link for grievance redress policy)                                                                           | FY 2025                                    |                                                              |         | FY 2024                                    |                                                              |         |
|-------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|--------------------------------------------------------------|---------|--------------------------------------------|--------------------------------------------------------------|---------|
|                                                       |                                                                                                                                                                                           | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks |
| Communities                                           | Yes                                                                                                                                                                                       | 0                                          | 0                                                            |         | 0                                          | 0                                                            |         |
| Investors (other than shareholders)                   | Yes                                                                                                                                                                                       | 0                                          | 0                                                            |         | 0                                          | 0                                                            |         |
| Shareholders                                          | Yes                                                                                                                                                                                       | 0                                          | 0                                                            |         | 0                                          | 0                                                            |         |
| Employees and workers                                 | Yes<br>Link to policy : <a href="https://mykoelnew.kirloskar.com/departments/policy-process/view-policy/95">https://mykoelnew.kirloskar.com/departments/policy-process/view-policy/95</a> | 0                                          | 0                                                            |         | 0                                          | 0                                                            |         |
| Customers                                             | Yes                                                                                                                                                                                       | 2,46,735                                   | 395*                                                         |         | 2,69,528                                   | 218**                                                        |         |
| Value Chain Partners                                  | Yes                                                                                                                                                                                       | 0                                          | 0                                                            |         | 0                                          | 0                                                            |         |
| Other (please specify)                                | NA                                                                                                                                                                                        | 0                                          | 0                                                            |         | 0                                          | 0                                                            |         |

\* Out of 395 open complaints, 376 complaints were closed by 30th April 2025.

\*\* These Complaints were closed by 3rd April 2024.

### 26. Overview of the entity's material responsible business conduct issues. Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, and approach to adapt or mitigate the risk along with its financial implications, as per the following format:

| Sr. No. | Material issue identified | Is it risk or opportunity (R/O) | Rationale for identifying the risk / opportunity                                                                                                                                                                                                                       | In case of risk, approach to adapt or mitigate                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Financial implications of the risk or opportunity (Indicate positive or negative implications)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|---------|---------------------------|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1       | Employee Health & Safety  | Risk                            | KOEL firmly believes that employee health and safety are fundamental to both business success and its broader social responsibilities. The Company remains dedicated to promoting employee well-being by cultivating a safe, healthy, and productive work environment. | <ul style="list-style-type: none"> <li>The Company places great importance on employee welfare that extends beyond the workplace, cultivating a secure and health-focused environment where every individual can prosper. Across all sites, every member of staff receives regular safety training, and KOEL's ISO 45001:2018 certification underscores its steadfast commitment to the highest standards of health and safety practice.</li> <li>The Company has implemented a comprehensive range of initiatives to support employee health and safety. These include on-site availability of healthcare professionals to ensure timely medical attention, dedicated ambulance services for swift emergency response, and well-positioned first-aid kits across all facilities, supported by trained staff capable of providing immediate care. Employees are also equipped with essential Personal Protective Equipment (PPE) to maintain safety standards. Additionally, a specialised firefighting team is on standby to manage fire-related risks, while routine health check-ups and medical screenings are conducted to promote overall well-being.</li> </ul> | <p><b>Neutral-</b></p> <ul style="list-style-type: none"> <li>Though ongoing investment is essential to drive continuous improvements in health and safety, the long-term benefits are substantial. KOEL's dedication to fostering a safe and supportive workplace not only enhances employee well-being but also contributes to cost savings by minimising safety-related incidents. A healthier, more engaged workforce leads to increased productivity, while the Company's strong safety culture strengthens its employer brand—helping to retain talent and attract high-calibre professionals.</li> </ul> |

| Sr. No. | Material issue identified | Is it risk or opportunity (R/O) | Rationale for identifying the risk / opportunity                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | In case of risk, approach to adapt or mitigate                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Financial implications of the risk or opportunity (Indicate positive or negative implications)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---------|---------------------------|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2       | Talent Management         | Opportunity                     | <ul style="list-style-type: none"> <li>The foundation of an organisation's long-term success is its workforce, which plays a crucial role in driving overall effectiveness. Attracting and retaining high-calibre talent is essential to ensuring continued growth and success. Central to delivering value to clients and enabling future development is the recruitment of capable professionals, supported by robust training initiatives that cultivate and enhance specialised skills.</li> </ul>                                                                                                                                                                                                                                                                                  | <ul style="list-style-type: none"> <li>The Company views talent management as a strategic enabler for ensuring both business continuity and operational excellence. To address evolving workforce needs, it has implemented a comprehensive framework that supports employees at every stage of their professional journey within the organisation.</li> <li>The talent management framework is structured to cater to a broad spectrum of employee needs, encompassing fair compensation, a merit-based workplace culture, effective leadership, opportunities for professional development, succession planning, retention initiatives, and the cultivation of a strong organisational culture, among other aspects.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <p><b>Negative-</b></p> <ul style="list-style-type: none"> <li>An ineffective talent management strategy can result in various risks, both measurable and intangible. High attrition rates often signal deeper organisational challenges and bring with them considerable costs and difficulties in replacing skilled personnel. Moreover, overlooking existing performance gaps within the workforce can further exacerbate these issues. Inadequately addressing the elements of the talent management framework undermines the Company's capacity to attract and retain top talent. Therefore, adopting a well-rounded and intentional talent management approach is crucial to minimising these risks and promoting long-term organisational success.</li> </ul> |
| 3       | Circular Economy          | Opportunity                     | <ul style="list-style-type: none"> <li>The circular economy is a sustainability-driven economic model that emphasises reuse, recycling, and efficient waste management. It offers significant benefits not only for the environment by reducing resource consumption and pollution but also for society by promoting long-term economic resilience and responsible production practices.</li> <li>Initiatives focused on waste management, pollution control, responsible use of natural resources, and the recycling or reuse of materials play a vital role in protecting natural ecosystems. These efforts help minimise environmental impact, preserve biodiversity, and contribute to a more sustainable balance between industrial activity and ecological well-being.</li> </ul> | <ul style="list-style-type: none"> <li>The Company undertakes several initiatives aligned with circular economy principles, including the segregation, recycling, and reuse of materials, responsible disposal of hazardous waste, and the implementation of Zero Waste to Landfill programmes. These efforts are aimed at minimising environmental impact and promoting sustainable resource management.</li> <li>Product innovation and life cycle assessments (LCA) are integral to KOEL's sustainability strategy. By continuously innovating its product offerings, the Company enhances efficiency, performance, and environmental compatibility. Life cycle assessments help evaluate the environmental impact of products from raw material sourcing to end-of-life disposal, enabling KOEL to identify improvement areas and adopt eco-friendly practices across the product development and manufacturing stages.</li> <li>KOEL employs effective water and waste management techniques as part of its commitment to sustainable operations. These practices include optimising water usage, recycling wastewater wherever feasible, and implementing robust systems for the treatment and disposal of waste. By adopting such measures, the Company aims to minimise environmental impact, conserve vital natural resources, and promote responsible consumption across its facilities.</li> </ul> | <p><b>Positive-</b></p> <ul style="list-style-type: none"> <li>Adopting strategies for waste prevention, recycling, reuse, and recovery is essential to effective waste management. Such practices ease the burden on landfills, help conserve finite natural resources, and lower energy usage. By promoting more efficient and sustainable use of resources, these approaches support environmental conservation and reinforce the Company's long-term sustainability objectives.</li> </ul>                                                                                                                                                                                                                                                                       |



| Sr. No. | Material issue identified | Is it risk or opportunity (R/O) | Rationale for identifying the risk / opportunity                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | In case of risk, approach to adapt or mitigate                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Financial implications of the risk or opportunity (Indicate positive or negative implications)                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|---------|---------------------------|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4       | Climate Action            | Opportunity                     | <ul style="list-style-type: none"> <li>Climate change refers to shifts in the Earth's environmental conditions, driven by a range of internal and external influences. In recent years, it has become a critical global issue. As a result, nurturing a sustainable environment has become essential to counter the negative impacts on both supply and demand dynamics. By integrating sustainability into operations, businesses not only protect themselves from these adverse effects but also create pathways for sustainable growth—ensuring long-term stability and adaptability in a rapidly changing ecological landscape.</li> </ul> | <ul style="list-style-type: none"> <li>Initiatives focused on lowering greenhouse gas emissions</li> <li>Consistently seeking avenues to adopt and advance green technologies.</li> <li>Emphasis is placed on managing energy use by lowering energy intensity and enhancing energy efficiency across operations.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <p><b>Positive-</b></p> <ul style="list-style-type: none"> <li>Channeling investments into energy efficiency and renewable energy serves as a strategic approach to steadily decrease the Company's carbon footprint. These initiatives not only help reduce environmental impact but also enhance sustainability and optimise resource use. Such forward-thinking practices align with the Company's broader commitments to corporate social responsibility, strengthening brand reputation and offering a competitive edge in the market.</li> </ul> |
| 5       | Stakeholder Relations     | Opportunity                     | <ul style="list-style-type: none"> <li>Fostering strong relationships with stakeholders plays a vital role in driving business growth. By understanding their expectations, interests, and requirements, the Company can make well-informed decisions that align with stakeholder priorities. This collaborative approach not only enhances trust and transparency but also boosts the likelihood of long-term success.</li> </ul>                                                                                                                                                                                                             | <ul style="list-style-type: none"> <li>The Company aims to cultivate strong and reliable relationships with its shareholders, customers, local communities, and supply chain partners. These trusted partnerships form the foundation for sustainable growth, mutual value creation, and long-term success.</li> <li>The Company maintains regular communication and engagement with all stakeholders through robust feedback mechanisms, enabling it to incorporate their perspectives and concerns into strategic planning and operational execution. This approach ensures that stakeholder expectations are aligned with the Company's objectives, fostering transparency, trust, and collaborative growth.</li> <li>The Company's CSR initiatives are primarily focused on key areas such as education, health and hygiene, environmental sustainability, and the upliftment of rural communities situated near its manufacturing facilities.</li> </ul> | <p><b>Positive-</b></p> <ul style="list-style-type: none"> <li>Building strong stakeholder relationships is essential for businesses, as it enables them to better manage risks, encourage innovation, maintain regulatory compliance, and strengthen their reputation and credibility. Organisations that actively engage with stakeholders are more likely to achieve sustained success and generate long-term value for all parties involved.</li> </ul>                                                                                            |

| Sr. No. | Material issue identified | Is it risk or opportunity (R/O) | Rationale for identifying the risk / opportunity                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | In case of risk, approach to adapt or mitigate                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Financial implications of the risk or opportunity (Indicate positive or negative implications)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|---------|---------------------------|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 6       | Responsible Supply Chain  | Opportunity                     | <ul style="list-style-type: none"> <li>Focusing on supply chain management and ethical sourcing enhances a company's reputation with customers, investors, and other stakeholders, paving the way for increased sales and stronger customer loyalty. A responsible supply chain also helps minimise risks related to disruptions, thereby preventing costly delays. Extended interruptions can negatively affect customer experience, making ethical sourcing a crucial element in maintaining efficiency and trust.</li> </ul> | <ul style="list-style-type: none"> <li>To boost supplier productivity, the Company has adopted the "Lean Cluster" approach, partnering closely with its suppliers to streamline operations, minimise waste, and improve efficiency across the supply chain. By embedding lean principles into supplier processes, KOEL seeks to achieve cost reductions, elevate product quality, and ensure timely material delivery—delivering mutual advantages for both KOEL and its supplier network.</li> <li>As part of its rural expansion strategy—especially in areas dependent on engines, pump sets, oil, and allied products—the Company is actively developing a resilient and adaptive supply chain. This strategy includes embedding Internet of Things (IoT) technologies into supply chain operations, effectively future-proofing the logistics framework to stay responsive and agile amid shifting market conditions.</li> <li>The Company organises training initiatives for its supplier network, including programmes such as the Zero Defect initiative, which is designed to uphold superior standards of quality and performance across the supply chain.</li> </ul> | <p><b>Positive-</b></p> <ul style="list-style-type: none"> <li>A responsible supply chain helps mitigate risks linked to operational disruptions, reputational damage, and non-compliance with regulations. By adopting ethical and sustainable practices, companies can enhance their resilience and maintain continuity, even when faced with the potential challenges of costly legal penalties or fines.</li> <li>Focusing on responsible procurement and sustainable supply chain practices significantly reduces environmental impact and promotes sustainable development. These measures contribute to mitigating climate change, conserving ecosystems, and safeguarding natural resources for future generations.</li> </ul> |
| 7       | Innovation Management     | Opportunity                     | <ul style="list-style-type: none"> <li>Innovation in products and services enables a business to tap into new markets while retaining its competitive advantage in existing ones. This strategic approach not only broadens the company's market reach but also enhances revenue streams, thereby boosting overall economic performance.</li> </ul>                                                                                                                                                                             | <ul style="list-style-type: none"> <li>Given the intrinsic nature of its operations, KOEL's products currently depend on fossil fuels, which contribute to greenhouse gas emissions and a larger environmental footprint. In response, the Company is actively pursuing innovations aimed at improving energy efficiency, minimising pollution, and developing technologies based on alternative fuels to mitigate this environmental impact.</li> <li>The Company strongly values innovation and, to foster a culture of continuous improvement, has introduced various incentive and recognition programmes designed to motivate and reward employees for their innovative contributions.</li> <li>The Company's R&amp;D team is dedicated to establishing technological leadership in the areas of engine research, design, and development, with a strong focus on delivering sustainable and tailored engineering solutions. Beyond broadening its product portfolio, the R&amp;D function concentrates on enhancing existing offerings to lower emissions and formulate strategies that support long-term, sustainable business growth.</li> </ul>                        | <p><b>Positive-</b></p> <ul style="list-style-type: none"> <li>Fostering innovation within the workplace can significantly enhance employee engagement by instilling a sense of purpose and ownership in the Company's achievements. Moreover, it cultivates a culture that embraces creativity and experimentation, empowering employees to contribute meaningfully to the organisation's growth and success.</li> <li>Innovation management facilitates the discovery of new, more cost-efficient ways of operating. This includes streamlining processes, enhancing supply chain efficiency, and integrating advanced technologies—ultimately driving operational excellence and cost savings.</li> </ul>                           |

| Sr. No. | Material issue identified       | Is it risk or opportunity (R/O) | Rationale for identifying the risk / opportunity                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | In case of risk, approach to adapt or mitigate                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Financial implications of the risk or opportunity (Indicate positive or negative implications)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|---------|---------------------------------|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 8       | Labour Practices & Human Rights | Risk                            | <ul style="list-style-type: none"> <li>Ensuring the fair and respectful treatment of employees is a fundamental ethical responsibility for any business. This includes maintaining safe and healthy working environments, offering equitable compensation, and upholding employees' rights to unionise, engage in collective bargaining, and work free from discrimination.</li> <li>Evolving regulations concerning human rights present challenges for businesses, as non-compliance can tarnish reputation and brand image.</li> <li>Non-compliance with these regulations can lead to significant legal consequences, such as lawsuits, financial penalties, or other regulatory sanctions.</li> </ul>                                                                  | <ul style="list-style-type: none"> <li>The Company has introduced initiatives focused on Diversity and Inclusion, alongside programmes aimed at enhancing employee engagement and recognition.</li> <li>KOEL also undertakes human rights impact assessments and provides training to both internal and external stakeholders on relevant human rights matters. This proactive approach ensures awareness, promotes responsible practices, and strengthens accountability across the organisation and its extended network.</li> </ul> | <p><b>Negative-</b></p> <ul style="list-style-type: none"> <li>The dynamic landscape of human rights regulations poses significant challenges for businesses, with non-compliance potentially leading to reputational damage and erosion of brand value. Staying aligned with evolving legal expectations is essential to maintaining public trust and safeguarding long-term credibility.</li> <li>Supply chains frequently consist of a complex network of suppliers and contractors, which can make it difficult to consistently monitor and uphold labour standards and human rights practices. Inadequate oversight in these areas may expose the Company to reputational risks and potential disruptions within the supply chain.</li> </ul> |
| 9       | Cybersecurity & Data Privacy    | Risk                            | <ul style="list-style-type: none"> <li>Data breaches can have a profound impact on business continuity, leading to operational disruptions and eroding trust among stakeholders.</li> <li>Safeguarding the confidentiality and integrity of data is crucial for sustaining stakeholder confidence and minimising the risk of legal liabilities and financial losses.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                             | <ul style="list-style-type: none"> <li>The Company is actively adopting robust measures to minimise the risk of data breaches, thereby protecting customer privacy and reinforcing trust with its customer base.</li> </ul>                                                                                                                                                                                                                                                                                                            | <p><b>Negative-</b></p> <ul style="list-style-type: none"> <li>Placing a strong emphasis on cybersecurity and data privacy is essential for safeguarding a Company's reputation and maintaining stakeholder trust. By deploying stringent measures to counter cyber threats and data breaches, businesses affirm their dedication to protecting sensitive information and upholding the integrity of their brand.</li> </ul>                                                                                                                                                                                                                                                                                                                       |
| 10      | Corporate Governance            | Risk                            | <ul style="list-style-type: none"> <li>Corporate governance establishes the responsibility of the Board of Directors and senior leadership towards various stakeholders, including shareholders, employees, customers, and suppliers. It ensures that decision-making processes reflect stakeholder interests, thereby promoting transparency, accountability, and trust within the organisation.</li> <li>Adhering to ethical standards, legal requirements, and regulatory frameworks—especially in areas such as reporting and disclosure—helps shield the organisation from financial setbacks, legal penalties, and reputational harm. Such a governance-driven approach reinforces stakeholder trust and supports the business's long-term sustainability.</li> </ul> | <p>The Company is committed to maintaining exemplary standards of corporate governance by establishing transparent board frameworks, embedding risk management and governance protocols, strengthening stakeholder engagement, and advancing brand stewardship.</p>                                                                                                                                                                                                                                                                    | <p><b>Negative-</b></p> <ul style="list-style-type: none"> <li>Weaknesses in corporate governance can erode transparency in a Company's operations, financial disclosures, and strategic decision-making, thereby diminishing stakeholder trust. This is particularly critical for investors, who depend on reliable and accurate information to make sound investment decisions.</li> <li>An inadequate corporate governance framework impairs the Company's ability to effectively identify and manage risks, leaving it vulnerable to operational, financial, and reputational setbacks. Over time, such vulnerabilities can erode stakeholder confidence and significantly diminish the Company's value and brand standing.</li> </ul>         |





## SECTION B:

### MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

| Disclosure Questions                                                                                                                                                                              | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|----|----|----|----|----|----|----|----|
| <b>Policy and management processes</b>                                                                                                                                                            |    |    |    |    |    |    |    |    |    |
| 1. a. Whether your entity's policy/ policies cover each principle and its core elements of the NGRBCs. (Yes/No)                                                                                   | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| b. Has the policy been approved by the Board? (Yes/No)                                                                                                                                            | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| c. Web Link of the Policies, if available.                                                                                                                                                        |    |    |    |    |    |    |    |    |    |
| • Code of Conduct:                                                                                                                                                                                |    |    |    |    |    |    |    |    |    |
| <a href="https://www.kirloskaroilengines.com/investors/for-share-holders/code-of-conduct">https://www.kirloskaroilengines.com/investors/for-share-holders/code-of-conduct</a>                     |    |    |    |    |    |    |    |    |    |
| • Corporate Governance:                                                                                                                                                                           |    |    |    |    |    |    |    |    |    |
| <a href="https://www.kirloskaroilengines.com/investors/for-share-holders/corporate-governance">https://www.kirloskaroilengines.com/investors/for-share-holders/corporate-governance</a>           |    |    |    |    |    |    |    |    |    |
| • Whistle Blower Policy/ Vigil Mechanism:                                                                                                                                                         |    |    |    |    |    |    |    |    |    |
| <a href="https://www.kirloskaroilengines.com/documents/541738/4807df9b-9b90-fde0-0d89-61d9fd9de35e">https://www.kirloskaroilengines.com/documents/541738/4807df9b-9b90-fde0-0d89-61d9fd9de35e</a> |    |    |    |    |    |    |    |    |    |
| • Environmental, Social and Governance (ESG) Policy:                                                                                                                                              |    |    |    |    |    |    |    |    |    |
| <a href="https://www.kirloskaroilengines.com/documents/541738/c4be6842-e4ff-3723-c90f-8f03bb90b483">https://www.kirloskaroilengines.com/documents/541738/c4be6842-e4ff-3723-c90f-8f03bb90b483</a> |    |    |    |    |    |    |    |    |    |
| • Human Rights Policy:                                                                                                                                                                            |    |    |    |    |    |    |    |    |    |
| <a href="https://www.kirloskaroilengines.com/documents/541738/c8df523c-f274-5506-d2aa-491a85309bb7">https://www.kirloskaroilengines.com/documents/541738/c8df523c-f274-5506-d2aa-491a85309bb7</a> |    |    |    |    |    |    |    |    |    |
| • Stakeholder Engagement and Grievance Redressal Policy:                                                                                                                                          |    |    |    |    |    |    |    |    |    |
| <a href="https://www.kirloskaroilengines.com/documents/541738/cc6d4946-420f-374a-606b-caf50a370c3e">https://www.kirloskaroilengines.com/documents/541738/cc6d4946-420f-374a-606b-caf50a370c3e</a> |    |    |    |    |    |    |    |    |    |
| • Risk Management Policy:                                                                                                                                                                         |    |    |    |    |    |    |    |    |    |
| <a href="https://www.kirloskaroilengines.com/documents/541738/9173178d-aad5-15ff-027c-bf20c016b074">https://www.kirloskaroilengines.com/documents/541738/9173178d-aad5-15ff-027c-bf20c016b074</a> |    |    |    |    |    |    |    |    |    |
| • Terms of Appointment for an Independent Director:                                                                                                                                               |    |    |    |    |    |    |    |    |    |
| <a href="https://www.kirloskaroilengines.com/documents/541738/8cca52ee-fe0a-fad7-f44f-5011c861c449">https://www.kirloskaroilengines.com/documents/541738/8cca52ee-fe0a-fad7-f44f-5011c861c449</a> |    |    |    |    |    |    |    |    |    |
| • Policy on Prevention of Frauds:                                                                                                                                                                 |    |    |    |    |    |    |    |    |    |
| <a href="https://www.kirloskaroilengines.com/documents/541738/c09a2b21-77f1-45bf-0466-66b8efffa8d8">https://www.kirloskaroilengines.com/documents/541738/c09a2b21-77f1-45bf-0466-66b8efffa8d8</a> |    |    |    |    |    |    |    |    |    |
| • Policy on Related Party Transactions:                                                                                                                                                           |    |    |    |    |    |    |    |    |    |
| <a href="https://www.kirloskaroilengines.com/documents/541738/2e7ca0da-a3d6-42bf-6f71-09e08b678f48">https://www.kirloskaroilengines.com/documents/541738/2e7ca0da-a3d6-42bf-6f71-09e08b678f48</a> |    |    |    |    |    |    |    |    |    |
| • Privacy Policy:                                                                                                                                                                                 |    |    |    |    |    |    |    |    |    |
| <a href="https://www.kirloskaroilengines.com/documents/541738/d13e9154-6391-dc17-4e0c-af93e34091c1">https://www.kirloskaroilengines.com/documents/541738/d13e9154-6391-dc17-4e0c-af93e34091c1</a> |    |    |    |    |    |    |    |    |    |
| • Nomination and Remuneration Policy:                                                                                                                                                             |    |    |    |    |    |    |    |    |    |
| <a href="https://www.kirloskaroilengines.com/documents/541738/2bd3cfb1-7d20-f25a-1163-3a003fd96c15">https://www.kirloskaroilengines.com/documents/541738/2bd3cfb1-7d20-f25a-1163-3a003fd96c15</a> |    |    |    |    |    |    |    |    |    |
| • Dividend Distribution Policy:                                                                                                                                                                   |    |    |    |    |    |    |    |    |    |
| <a href="https://www.kirloskaroilengines.com/documents/541738/0a36d92a-4450-1010-8a11-d92ec5426c7c">https://www.kirloskaroilengines.com/documents/541738/0a36d92a-4450-1010-8a11-d92ec5426c7c</a> |    |    |    |    |    |    |    |    |    |
| • Policy on Material Subsidiaries:                                                                                                                                                                |    |    |    |    |    |    |    |    |    |
| <a href="https://www.kirloskaroilengines.com/documents/541738/7e98a124-ff71-d384-9804-290bec9218e6">https://www.kirloskaroilengines.com/documents/541738/7e98a124-ff71-d384-9804-290bec9218e6</a> |    |    |    |    |    |    |    |    |    |
| • Policy for Determination of Material Events or Information:                                                                                                                                     |    |    |    |    |    |    |    |    |    |
| <a href="https://www.kirloskaroilengines.com/documents/541738/e06c77fe-34cc-7787-83b6-aca86f54889d">https://www.kirloskaroilengines.com/documents/541738/e06c77fe-34cc-7787-83b6-aca86f54889d</a> |    |    |    |    |    |    |    |    |    |
| • Archival Policy:                                                                                                                                                                                |    |    |    |    |    |    |    |    |    |
| <a href="https://www.kirloskaroilengines.com/documents/541738/6756c534-dec4-fae6-0537-6a8d3913352c">https://www.kirloskaroilengines.com/documents/541738/6756c534-dec4-fae6-0537-6a8d3913352c</a> |    |    |    |    |    |    |    |    |    |
| • Corporate Social Responsibility Policy:                                                                                                                                                         |    |    |    |    |    |    |    |    |    |
| <a href="https://www.kirloskaroilengines.com/documents/541738/781c6697-a239-c2d6-afdb-36fc8306ddfb">https://www.kirloskaroilengines.com/documents/541738/781c6697-a239-c2d6-afdb-36fc8306ddfb</a> |    |    |    |    |    |    |    |    |    |
| 2. Whether the entity has translated the policy into procedures. (Yes / No)                                                                                                                       | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |

| Disclosure Questions                                                                                                                                                                                                                                        | P1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|----|----|----|----|----|----|----|
| 3. Do the enlisted policies extend to your value chain partners?                                                                                                                                                                                            | The Company has established clear policies that apply to all value chain partners, including employees, Directors, channel partners, suppliers, business associates, customers, contractors, and agency personnel. These frameworks, such as the Policy on Prevention of Fraud and the Whistleblower Policy, are designed to safeguard individuals who choose to report concerns or make disclosures in good faith under these mechanisms.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |    |    |    |    |    |    |    |    |
| 4. Name of the national and international codes/certifications/ labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle. | <ul style="list-style-type: none"> <li>• ISO 14001:2015</li> <li>• ISO 45001:2018</li> <li>• ISO 9001:2015</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |    |    |    |    |    |    |    |    |
| 5. Specific commitments, goals, and targets set by the entity with defined timelines, if any.                                                                                                                                                               | <p>In the previous year, KOEL set forth an ambitious sustainability roadmap, outlining long-term objectives as part of its enduring commitment to environmental responsibility. While these targets remain unchanged, the company has made notable strides over the past year through focused and sustained efforts, continuing to take deliberate actions towards achieving its sustainability goals.</p> <p>By 2030, KOEL intends to source 70% of its energy from renewable sources, thereby substantially reducing its carbon emissions and progressing towards a more sustainable future. The company has also pledged to cut energy intensity by 15% annually, improving efficiency while embedding sustainable practices across its operations.</p> <p>With a firm and forward-looking approach, KOEL remains committed to reaching net zero emissions by 2050, aligning its ambitions with international climate objectives. The company is also closely monitoring Scope 3 emissions to ensure transparency and enhance accountability throughout its value chain.</p> <p>Sustainable product development remains a cornerstone of KOEL's environmental agenda. To this end, assessments such as Product Carbon Footprints and Life Cycle Analyses are being carried out to identify and mitigate environmental impacts. By 2030, KOEL aims to reduce its combined Scope 1 and Scope 2 emissions by 25%, further demonstrating its commitment to addressing climate change and building a more sustainable tomorrow.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |    |    |    |    |    |    |    |    |
| 6. Performance of the entity against the specific commitments, goals, and targets along with reasons in case the same are not met.                                                                                                                          | <p>During FY 2024-25, the company advanced meaningfully across several Environmental, Social and Governance (ESG) priorities, in line with its declared commitments and strategic objectives. The following highlights key initiatives and their outcomes:</p> <ol style="list-style-type: none"> <li><b>1. Renewable Energy Integration</b><br/>The Company made considerable strides in increasing the proportion of renewable sources in its energy portfolio. This included the installation of additional solar capacity of 250 kW at the Nashik facility.</li> <li><b>2. Responsible Waste Management</b><br/>Sustainable waste management, particularly of plastic waste, remained a priority. All plastic waste generated was either converted in-house at the company's plastic-to-biodiesel unit or managed through certified external recyclers. Simultaneously, initiatives to minimise plastic usage at the source continued, supporting the company's broader sustainability ambitions.</li> <li><b>3. Lowering Carbon Emissions Intensity</b><br/>The company undertook a Life Cycle Assessment (LCA) for its high-volume SL90 engine platform to understand resource usage and emissions throughout its life span. A limited Scope 3 emissions review was also carried out this year. Building on this groundwork, KOEL aims to establish annual Scope 3 evaluations while identifying reduction opportunities throughout the value chain. These efforts are forming the basis for a robust decarbonisation roadmap, focusing on improved energy efficiency, renewable energy adoption, and lower Scope 3 emissions.</li> <li><b>4. Water Conservation Initiatives</b><br/>A new project aimed at enhancing rainwater harvesting capacity was launched during the reporting year and is anticipated to be completed before FY2029. Once commissioned, it will contribute to the Company's existing rainwater storage infrastructure, further reinforcing its water sustainability strategy.</li> </ol> <p>These initiatives reflect the Company's ongoing dedication to achieving its sustainability objectives. In areas where long-term goals are still being realised, strategic planning and groundwork are well underway, paving the way for sustained progress and measurable outcomes in the years ahead.</p> |    |    |    |    |    |    |    |    |

| Disclosure Questions                 |                                                                                                                                                                                                                     | P1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
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| Governance, leadership and oversight |                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |    |    |    |    |    |    |    |    |
| 7                                    | Statement by Director responsible for the business responsibility report, highlighting ESG-related challenges, targets, and achievements (listed entity has flexibility regarding the placement of this disclosure) | <p>At KOEL, sustainability is not treated as a separate initiative—it is an integral part of our growth journey. Our legacy is defined not only by engineering excellence but also by a deep-rooted commitment to empowering communities, safeguarding the environment, and fostering inclusive development.</p> <p>Over the past year, KOEL has made considerable progress in strengthening its Environmental, Social, and Governance (ESG) impact. We continue to maintain a thoughtful equilibrium between pursuing business growth and fulfilling our environmental obligations. As operations expand to meet increasing demand, we are simultaneously intensifying our efforts to lower our carbon emissions by adopting cleaner technologies, enhancing process efficiencies, and increasing the use of renewable energy across our facilities.</p> <p>A notable development during the year was the completion of a Life Cycle Assessment (LCA) for selected products. This has provided valuable insights into the environmental footprint of our offerings, from raw material procurement to end-of-life disposal, informing our next phase in sustainable product innovation.</p> <p>We also introduced the Nulife initiative, which focuses on prolonging product life, reusing components, and encouraging remanufacturing. This initiative marks a significant step in our circularity roadmap, in line with our commitment to the 4Rs—Refuse, Reduce, Reuse, and Recycle. Across our operations, we are actively working to optimise resource utilisation and enhance operational efficiency.</p> <p>Our dedication to community development remains steadfast. Through our Corporate Social Responsibility (CSR) initiatives, we continue to drive positive change in health, education, environmental conservation, rural development, and disaster relief. Special emphasis is placed on engaging with rural and underserved populations, ensuring our efforts have the greatest impact where it is needed most.</p> <p>We also value the strong partnerships we maintain across our supply chain. More than half of our suppliers are small-scale or local enterprises, and we support them through capability-building programmes and ESG awareness initiatives. This approach fosters a more responsible and resilient supply ecosystem.</p> <p>Our workforce is central to everything we do. We are committed to providing a safe, inclusive, and future-ready work environment. With no reportable injuries recorded during the year, safety remains a non-negotiable priority. Employees are offered continuous learning opportunities across technical, functional, and behavioural domains, preparing them to thrive in a dynamic market landscape.</p> <p>Looking Ahead</p> <p>ESG will remain at the heart of KOEL’s long-term vision. In the coming year, we aim to expand LCA coverage to a broader range of products and scale up circularity practices through the Nulife initiative. We also plan to deepen our engagement with communities and suppliers, ensuring that our progress remains both inclusive and sustainable.</p> <p>KOEL’s path is one of responsible growth—where each innovation honours the planet, every action uplifts people, and every milestone paves the way for enduring prosperity.</p> |    |    |    |    |    |    |    |    |
| 8.                                   | Details of the highest authority responsible for implementation and oversight of the Business Responsibility Policy (ies).                                                                                          | <p>The CSR Committee is responsible for overseeing the implementation of the Company’s comprehensive sustainability framework, encompassing all Environment, Health and Safety (EHS) and Occupational Health and Safety (OHS) initiatives, along with the Company’s long-term sustainability goals. The members of the CSR Committee include:</p> <div><div>1) Rahul C. Kirloskar (Non-Executive Non- Independent Director &amp; Chairman of CSR Committee)</div><div>2) Gauri Kirloskar (Managing Director)</div><div>3) Shalini Sarin (Non-Executive and Independent Director)</div></div>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |    |    |    |    |    |    |    |    |



| Disclosure Questions                                                                                                                                                               | P1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|----|----|----|----|----|----|----|
| 9. <b>Does the entity have a specified Committee of the Board/ Director responsible for decision-making on sustainability-related issues? (Yes / No). If yes, provide details.</b> | The ESG Steering Committee is composed of the Managing Director, Chief Financial Officer, Company Secretary, ESG Head, and an Independent Director. This group meets at regular intervals to deliberate on key sustainability issues. The Managing Director, along with the senior leadership team, actively monitors the Company's performance in relation to its business responsibility goals. In parallel, the Board of Directors conducts periodic evaluations of the Company's advancement towards its social, environmental, and economic objectives. |    |    |    |    |    |    |    |    |

10. Details of review of NGRBCs by the Company:

| Subject for review                                                                                               | Indicate whether review was undertaken by Director/ Committee of the Board/ Any other Committee |    |    |    |    |    |    |    |    | Frequency (Annually/ Half yearly/ Quarterly/ Any other-please specify                                                                                                                                                                                            |    |    |    |    |    |    |    |    |
|------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|----|----|----|----|----|----|----|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|----|----|----|----|----|----|----|
|                                                                                                                  | P1                                                                                              | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 | P1                                                                                                                                                                                                                                                               | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
| Performance against above policies and follow up action                                                          | Y                                                                                               | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | The Company's policies are reviewed at regular intervals, either by the Board of Directors or by individuals authorised by the Board to undertake such evaluations.                                                                                              |    |    |    |    |    |    |    |    |
| Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances | Y                                                                                               | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | The Company ensures adherence to all applicable legal obligations aligned with its core principles. In instances of non-compliance, the ESG Steering Committee promptly investigates and addresses the matter to ensure timely resolution and corrective action. |    |    |    |    |    |    |    |    |

|                                                                                                                                                                            | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|----|----|----|----|----|----|----|----|
| 11. Has the entity carried out an independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No) If yes provide the name of the agency. |    |    |    |    |    |    |    |    |    |
| No, the Company has evaluated the policies internally.                                                                                                                     |    |    |    |    |    |    |    |    |    |

12. If the answer to question (1) above is "No" i.e., not all Principles are covered by a policy, reasons to be stated:

| Questions                                                                                                                       | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---------------------------------------------------------------------------------------------------------------------------------|----|----|----|----|----|----|----|----|----|
| The entity does not consider the principles material to its business (Yes/ No)                                                  |    |    |    |    |    |    |    |    |    |
| The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No) |    |    |    |    |    |    |    |    |    |
| The entity does not have the financial or/human and technical resources available for the task (Yes/No)                         |    |    |    |    |    |    |    |    |    |
| It is planned to be done in the next financial year (Yes/No)                                                                    |    |    |    |    |    |    |    |    |    |
| Any other reason (please specify)                                                                                               |    |    |    |    |    |    |    |    |    |

Not Applicable

**SECTION C:****PRINCIPLE-WISE PERFORMANCE DISCLOSURE****PRINCIPLE 1:**

Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent, and Accountable.

**Essential Indicators**

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year.

| Segment                           | Total number of training and awareness programmes held | Topics/principles covered under the training and its impact                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | % of persons in respective category covered by the awareness programmes |
|-----------------------------------|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| Board of Directors                | NA*                                                    | Training and awareness programs on Sustainability, Code of Conduct                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | NA*                                                                     |
| Key Managerial Personnel          | NA*                                                    | Training and awareness programs on Sustainability, Code of Conduct                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | NA*                                                                     |
| Employees other than BoD and KMPs | 28                                                     | <p>Across its key locations, the Company continues to conduct a wide range of training programmes aimed at fostering a culture of safety, compliance, and employee well-being.</p> <p>At the Kagal plant, the workforce has been engaged through comprehensive sessions covering the Code of Conduct, electrical safety, safe workplace practices, fire safety awareness, and first aid. Specialised training modules have included HIRA, HAZOP, and Job Safety Analysis (JSA), compliance with health, safety and environment (HSE) regulations, and procedures for incident and accident investigation and reporting. The team has also been trained on the permit-to-work system, proper use of personal protective equipment (PPE), and safety induction protocols. Awareness initiatives also covered chemical safety, personal health and hygiene, lockout/tagout (LOTO) procedures, and fire prevention and control techniques. Additional sessions were held to educate vehicle operators on safe driving practices within company premises. Training on the Prevention of Sexual Harassment (POSH) policy and Behaviour-Based Safety (BBS) has further reinforced the organisation's commitment to a respectful and secure workplace.</p> <p>At the Nashik facility, employees received training on the Code of Conduct, general safety awareness, lean quality circles, problem-solving techniques, and the appropriate use of safety equipment and PPE. Additional sessions focused on fire safety, road safety awareness, on-site emergency preparedness, and material handling protocols.</p> <p>At the Khadki site, the focus has included ethical conduct, with sessions on the Code of Conduct, an overview of income tax obligations, and workshops on stress management to support employee well-being.</p> <p>These targeted initiatives demonstrate the Company's ongoing investment in creating safe, compliant, and empowering work environments across all locations.</p> | 100%                                                                    |

| Segment | Total number of training and awareness programmes held | Topics/principles covered under the training and its impact                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | % of persons in respective category covered by the awareness programmes |
|---------|--------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| Workers | 30                                                     | <p><b>Kagal:</b></p> <p>Training programmes at the Kagal facility include modules on the Code of Conduct, safety induction, chemical safety, fire prevention and firefighting techniques, and the proper use of Personal Protective Equipment (PPE). Employees are also educated on personal health and hygiene, electrical safety protocols including Lockout/Tagout (LOTO) procedures, and basic first aid. Additional awareness sessions are held for UGC drivers operating within the premises, alongside training on fire suppression systems, fire prevention strategies, and compliance with Health, Safety and Environment (HSE) statutory norms.</p> <p><b>Nashik:</b></p> <p>At the Nashik plant, the training curriculum covers the Code of Conduct, general safety awareness, the On-Site Emergency Plan, and safe practices in material handling. Sessions also focus on the correct usage of safety gear and equipment, fire safety measures, and promoting awareness around road safety.</p> <p><b>Khadki:</b></p> <p>The Khadki location delivers training on the Code of Conduct, provides an overview of income tax regulations, and offers guidance on stress management to support employee well-being.</p> | 100%                                                                    |

\*KOEL provides an orientation curriculum for Independent Directors that informs them of their duties, rights, and obligations inside the Company as well as the nature of the industries in which they operate and the Company's business model. The Company also organizes a structured induction procedure for new Directors during which time they engage with all the Company's top leaders and receive an Onboarding Manual for their education and awareness. Additionally, they receive a comprehensive Letter of Appointment. The management of the Company periodically provides business presentations at Board meetings to acquaint Independent Directors with the Company's strategy, operations, and functioning. These interactions provide them a comprehensive understanding of the business and legal environment of the Company.

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as disclosed on the entity's website):

| Monetary        |                                                                     |               |                   |                                        |
|-----------------|---------------------------------------------------------------------|---------------|-------------------|----------------------------------------|
| NGRBC Principle | Name of the regulatory/ enforcement agencies/ judicial institutions | Amount (In ₹) | Brief of the Case | Has an appeal been preferred? (Yes/No) |
| Penalty/ Fine   |                                                                     |               |                   |                                        |
| Settlement      |                                                                     |               |                   |                                        |
| Compounding fee |                                                                     |               |                   |                                        |
|                 |                                                                     |               |                   |                                        |
|                 |                                                                     |               |                   |                                        |
| Non-Monetary    |                                                                     |               |                   |                                        |
| NGRBC Principle | Name of the regulatory/ enforcement agencies/ judicial institutions |               | Brief of the Case | Has an appeal been preferred? (Yes/No) |
| Imprisonment    |                                                                     |               |                   |                                        |
| Punishment      |                                                                     |               |                   |                                        |



3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in case where monetary or non-monetary action has been appealed.

| Case Details | Name of the regulatory/ enforcement agencies/ judicial institutions |
|--------------|---------------------------------------------------------------------|
|              | Not Applicable                                                      |

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Anti-Corruption and antibribery are addressed within KOEL's Employees Code of Conduct and Prevention of Fraud policy. This framework aims to identify, prevent, report, investigate, and take disciplinary action against any instances of fraud, including bribery and corruption. Controls and procedures are established to support these efforts. The policy details can be accessed here: [Policy Link](#).

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

|           | FY 2025 | FY 2024 |
|-----------|---------|---------|
| Directors | 0       | 0       |
| KMPs      | 0       | 0       |
| Employees | 0       | 0       |
| Workers   | 0       | 0       |

6. Details of complaints with regard to conflict of interest:

|                                                                                              | FY 2025                                                                               |         | FY 2024 |         |
|----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------|---------|---------|
|                                                                                              | Number                                                                                | Remarks | Number  | Remarks |
| Number of complaints received in relation to issues of Conflict of Interest of the Directors | 0                                                                                     | NA      | 0       | NA      |
| Number of complaints received in relation to issues of Conflict of Interest of the KMPs      | 0  | NA      | 0       | NA      |

7. Provide details of any corrective action taken or underway on issues related to fines/penalties/action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Not applicable, as there were no instances of fines, penalties, or actions initiated by regulatory bodies, law enforcement agencies, or judicial authorities in relation to corruption or conflicts of interest during the reporting period.

8. Number of days of accounts payables [(Accounts payable \*365) / Cost of goods/services procured] in the following format:

|                                     | FY 2025# | FY 2024# |
|-------------------------------------|----------|----------|
| Number of days of accounts payables | 75       | 77       |

# Average total accounts payable (including for goods and services) has been derived basis payables at the beginning and end of the year. In the denominator, we have considered cost of goods sold including purchases of traded goods.

9. Open-ness of business

Provide details of the concentration of purchases and sales with trading houses, dealers, and related parties\* along with loans and advances & investments, with related parties, in the following format:

| Parameter                  | Metrics                                                                               | FY 2025 | FY 2024 |
|----------------------------|---------------------------------------------------------------------------------------|---------|---------|
| Concentration of Purchases | a. Purchases from trading houses as % of total purchases                              | NA      | NA      |
|                            | b. Number of trading houses where purchases are made from                             | NA      | NA      |
|                            | c. Purchases from top 10 trading houses as % of total purchases from trading houses   | NA      | NA      |
| Concentration of Sales     | a. Sales to dealers/ distributors as % of total sales                                 | 37.72%  | 38.19%  |
|                            | b. Number of dealers distributors to whom sales are made                              | 1,639   | 1,780   |
|                            | c. Sales to top 10 dealers/ distributors as % of total sales to dealers/ distributors | 26.55%  | 27.21%  |

| Parameter        | Metrics                                                                                  | FY 2025 | FY 2024 |
|------------------|------------------------------------------------------------------------------------------|---------|---------|
| Share of RPTs in | a. Purchases (Purchases with related parties/ Total Purchases)                           | 6.33%   | 4.53%   |
|                  | b. Sales (Sales to related parties/ Total Sales)                                         | 3.08%   | 0.51%   |
|                  | c. Loans & advances (Loans & advances given to related parties / Total loans & advances) | 0.00%   | 99.44%  |
|                  | d. Investments (Investments in related parties/ Total Investments made)                  | 84.40%  | 79.24%  |

For Financial Year 2024-25, we have considered the related party definition as per SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, including amendments thereunder in accordance with guidance rolled out in "Industry Standards and Note on Business Responsibility and Sustainability Report (BRSR) Core" dated 20th December, 2024. However, for Financial Year 2023-24, the related party definition was considered as per Indian Accounting Standard (Ind AS) 24 and as reported in Note 40.5.11 of standalone financial statements.

## Leadership Indicators

### 1. Awareness programmes conducted for value chain partners on any of the principles during the financial year:

| Total number of awareness programmes held                                                                                                | Topics / principles covered under the training                                                                                                                         | % of value chain partners covered (by value of business done with such partners) under the awareness programmes                                                                    |
|------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| We continuously provide Health and safety training; however, we are in a process of calculating the total no of training hours provided. | <b>Principle 1</b><br>Awareness is given to all RM suppliers on supplier code of conduct which includes the above principle                                            | We provide training on a periodical basis to value chain partners, currently we are establishing methods to track the % of value chain partners who were provided these trainings. |
|                                                                                                                                          | <b>Principle 4</b><br>All suppliers are trained on a Zero Defect program which includes managing gaps and driving improvements in Business and Manufacturing Processes |                                                                                                                                                                                    |
|                                                                                                                                          | <b>Principle 5</b><br>Awareness is given to all RM suppliers on supplier code of conduct which includes the above principle                                            |                                                                                                                                                                                    |
|                                                                                                                                          | <b>Principle 6</b><br>Direct material suppliers are trained and evaluated on EHS requirements and supplier code of conduct which includes the above principle          |                                                                                                                                                                                    |
|                                                                                                                                          | <b>Principle 8</b><br>Critical suppliers are trained on management principles for inclusive growth to meet KOEL growth plans                                           |                                                                                                                                                                                    |

### 2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No). If yes, provide details of the same.

The Board of Directors and senior management of the Company operate under a defined Code of Conduct, which provides clear guidance on recognising and addressing any actual or potential conflicts of interest that may arise during the course of their responsibilities. They are expected to proactively avoid circumstances where personal interests may conflict with those of the Company. KOEL has put in place structured organisational processes to prevent, manage, and mitigate such conflicts effectively.

In addition, the Company adheres to the Business Excellence Framework and complies with the Code for the Prohibition of Insider Trading. The Code of Conduct is accessible at the following link: <https://www.kirloskaroilengines.com/investors/for-share-holders/code-of-conduct>. KOEL also maintains dedicated policies to regulate Related Party Transactions, ensuring transparency and governance across all business dealings.

**PRINCIPLE 2:**

**Business should provide goods and services in a manner that is sustainable and safe**

### Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

|       | FY 2025 | FY 2024 | Details of improvements in environmental and social impacts                                                                                                                      |
|-------|---------|---------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| R&D   | -       | -       | The R&D department is not only focused on expanding the product range but also, on the up-gradation of products to reduce emission and provide solutions for sustainable growth. |
| Capex | 2.43%   | 1.38%   |                                                                                                                                                                                  |

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No) Yes  
 b. If yes, what percentage of inputs were sourced sustainably? 100%
3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste

End Of Life (ELV) is not applicable

KOEL primarily utilizes recyclable corrugated boxes and reusable metallic skids for packaging. While particle boards are minimally used for export packaging, metallic skids are retrieved post-delivery. Although product recycling is uncommon in this industry, certain items like DG sets undergo refurbishment to enhance efficiency and extend lifespan. Given that the product mainly consist of metals and alloys, such as cast iron and steel, customers often recycle them as metal scraps due to their high market value.

As part of our commitment to a greener and cleaner future, we've launched new initiatives to reduce our carbon footprint. Our Kirloskar Nulife engine program is a significant step towards this carbon-neutral goal. We collect engines from the field and replace worn components with genuine parts. Each engine undergoes disassembly, inspection, cleaning, calibration, and testing in a controlled environment, adhering to stringent KOEL quality standards to ensure optimal performance.

Kirloskar Nulife engines offer several advantages, including lower costs, updated parts, and the same high levels of performance, durability, and reliability you expect from KOEL, all backed by our warranty.

With Kirloskar Nulife, customers can choose re-manufactured, quality-tested engines at competitive prices, helping them meet their carbon targets.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Extended Producer Responsibility (EPR) is applicable.

Extended Producer Responsibility registration done on CPCB portal

1. Plastic packaging waste - Importer category &
2. Plastic packaging waste -Brand owner category
3. Battery waste management - Producer category

We have filled Annual return for Plastic packaging waste under brand owner category and fulfilled the EPR targets. Battery waste management will be followed from FY26

The entity is currently evaluating the parameters and accordingly will develop an Extended Producer Responsibility (EPR) plan.



### Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

| NIC Code | Name of Product / Service | % of total Turnover contributed | Boundary for which the Life Cycle Perspective / Assessment was conducted | Whether conducted by independent external agency (Yes/No) | Results communicated in public domain (Yes/No) If yes, provide the web-link. |
|----------|---------------------------|---------------------------------|--------------------------------------------------------------------------|-----------------------------------------------------------|------------------------------------------------------------------------------|
| 281      | Engines                   | 78.9%                           | Cradle to Gate                                                           | Yes                                                       | No                                                                           |

· The LCA is conducted for one of the engine platform in FY 2024-25. The Company plans to cover all the platforms in the coming years.

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

No major risk identified

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

| Indicate input material | Recycled or re-used input material to total material |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-------------------------|------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                         | FY 2025                                              | FY 2024                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Not Applicable          | Not Applicable.                                      | Due to the specific technical and safety requirements of its product applications, KOEL currently does not use recycled or reused materials as inputs in its manufacturing processes. At this stage, such materials are not suitable for integration without compromising product performance or compliance standards. However, the Company remains committed to exploring opportunities for incorporating recycled inputs as industry practices, material technologies, and regulatory frameworks continue to evolve. |

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

|                                       | FY 2025                                                                                                                                       |          |                 | FY 2024                                                                                                                                       |          |                 |
|---------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|----------|-----------------|-----------------------------------------------------------------------------------------------------------------------------------------------|----------|-----------------|
|                                       | Re-Used                                                                                                                                       | Recycled | Safely Disposed | Re-Used                                                                                                                                       | Recycled | Safely Disposed |
| Plastics (including packaging)        | Given the nature of its operations, KOEL does not currently undertake the reclamation of products or packaging at the end of their lifecycle. |          |                 | Given the nature of its operations, KOEL does not currently undertake the reclamation of products or packaging at the end of their lifecycle. |          |                 |
| E-waste                               |                                                                                                                                               |          |                 |                                                                                                                                               |          |                 |
| Hazardous waste                       |                                                                                                                                               |          |                 |                                                                                                                                               |          |                 |
| Other waste General Waste (Dry & Wet) |                                                                                                                                               |          |                 |                                                                                                                                               |          |                 |

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

| Indicate product category | Reclaimed products and their packaging materials as % of total products sold in respective category |
|---------------------------|-----------------------------------------------------------------------------------------------------|
|                           | Not Applicable                                                                                      |

**PRINCIPLE 3:**

Business should respect and promote the well-being of all employees, including those in their value chains

### Essential Indicators

1. a. Details of measures for the well-being of employees:

| Category                              | Total<br>(A) | % of employees covered by |             |                    |             |                    |             |                    |             |                     |             |
|---------------------------------------|--------------|---------------------------|-------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|---------------------|-------------|
|                                       |              | Health insurance          |             | Accident insurance |             | Maternity benefits |             | Paternity Benefits |             | Day Care facilities |             |
|                                       |              | No. (B)                   | %(B/A)      | No. (C)            | %(C/A)      | No. (D)            | %(D/A)      | No. (E)            | %(E/A)      | No. (F)             | %(F/A)      |
| <b>Permanent employees</b>            |              |                           |             |                    |             |                    |             |                    |             |                     |             |
| Male                                  | 2231         | 2231                      | 100%        | 2231               | 100%        | NA                 | NA          | 2231               | 100%        | NA                  | NA          |
| Female                                | 113          | 113                       | 100%        | 113                | 100%        | 113                | 100%        | NA                 | NA          | 113                 | 100%        |
| <b>Total</b>                          | <b>2344</b>  | <b>2344</b>               | <b>100%</b> | <b>2344</b>        | <b>100%</b> | <b>113</b>         | <b>100%</b> | <b>2231</b>        | <b>100%</b> | <b>113</b>          | <b>100%</b> |
| <b>Other than Permanent employees</b> |              |                           |             |                    |             |                    |             |                    |             |                     |             |
| Male                                  | 90           | 90                        | 100%        | 90                 | 100%        | NA                 | NA          | 90                 | 100%        | NA                  | NA          |
| Female                                | 42           | 42                        | 100%        | 42                 | 100%        | 42                 | 100%        | NA                 | NA          | 42                  | 100%        |
| <b>Total</b>                          | <b>132</b>   | <b>132</b>                | <b>100%</b> | <b>132</b>         | <b>100%</b> | <b>42</b>          | <b>100%</b> | <b>90</b>          | <b>100%</b> | <b>42</b>           | <b>100%</b> |

b. Details of measures for the well-being of workers:

| Category                            | Total<br>(A) | % of workers covered by |             |                    |             |                    |           |                     |             |                     |           |
|-------------------------------------|--------------|-------------------------|-------------|--------------------|-------------|--------------------|-----------|---------------------|-------------|---------------------|-----------|
|                                     |              | Health insurance        |             | Accident insurance |             | Maternity benefits |           | *Paternity Benefits |             | Day Care facilities |           |
|                                     |              | No. (B)                 | %(B/A)      | No. (C)            | %(C/A)      | No. (D)            | %(D/A)    | No. (E)             | %(E/A)      | No. (F)             | %(F/A)    |
| <b>Permanent Workers</b>            |              |                         |             |                    |             |                    |           |                     |             |                     |           |
| Male                                | 125          | 125                     | 100%        | 125                | 100%        | NA                 | NA        | 125                 | 100%        | NA                  | NA        |
| Female                              | 0            | NA                      | NA          | NA                 | NA          | NA                 | NA        | NA                  | NA          | NA                  | NA        |
| <b>Total</b>                        | <b>125</b>   | <b>125</b>              | <b>100%</b> | <b>125</b>         | <b>100%</b> | <b>NA</b>          | <b>NA</b> | <b>125</b>          | <b>100%</b> | <b>NA</b>           | <b>NA</b> |
| <b>Other than Permanent Workers</b> |              |                         |             |                    |             |                    |           |                     |             |                     |           |
| Male                                | 1823         | 1823                    | 100%        | 1823               | 100%        | 0                  | 0%        | 0                   | 0%          | 0                   | 0%        |
| Female                              | 53           | 53                      | 100%        | 53                 | 100%        | 0                  | 0%        | 0                   | 0%          | 0                   | 0%        |
| <b>Total</b>                        | <b>1876</b>  | <b>1876</b>             | <b>100%</b> | <b>1876</b>        | <b>100%</b> | <b>0</b>           | <b>0%</b> | <b>0</b>            | <b>0%</b>   | <b>0</b>            | <b>0%</b> |

\*Paternity Benefits are not applicable to few categories such as Management Trainees, Graduate Engineering Trainees etc.

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format-

|                                                                             | FY 2025 | FY 2024 |
|-----------------------------------------------------------------------------|---------|---------|
| Cost incurred on well-being measures as a % of total revenue of the company | *0.35%  | 0.29%   |

\*For Financial Year 2025, the following items have been considered as a part of well-being measures: Expenditures related to canteen facilities, cricket tournament & badminton court, sports & engagement activities, first aid training, OHC training, employee transport, scholarships, NAPS, R&R, Insurance & Mediciam & other initiatives are included.

2. Details of retirement benefits, for Current Financial Year and Previous Financial Year

| Benefits                | FY 2025                                            |                                                |                                                      | FY 2024                                            |                                                |                                                      |
|-------------------------|----------------------------------------------------|------------------------------------------------|------------------------------------------------------|----------------------------------------------------|------------------------------------------------|------------------------------------------------------|
|                         | No. of employees covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/N.A.) | No. of employees covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/N.A.) |
| PF                      | 100%                                               | 100%                                           | Y                                                    | 100%                                               | 100%                                           | Y                                                    |
| Gratuity                | *94%                                               | 100%                                           | Y                                                    | 97%                                                | 100%                                           | Y                                                    |
| ESI                     | 0%                                                 | 0%                                             | Y                                                    | 1%                                                 | 12%                                            | Y                                                    |
| Others - please specify | -                                                  | -                                              | -                                                    | -                                                  | -                                              | -                                                    |

\*Trainees Excluded

Note: The aforesaid data denotes the permanent employees/workers.

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

KOEL acknowledges the significance of fostering accessibility for all individuals, including people with disabilities. Although there are presently no employees with disabilities within the organisation, the Company remains committed to nurturing an inclusive workplace. As part of its broader diversity and inclusion agenda, KOEL will proactively introduce accessibility enhancements across its offices and facilities, as and when required, to ensure a welcoming and supportive environment for all.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes. Link to Policy : <https://mykoelnew.kirloskar.com/departments/policy-process/view-policy/67>

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

| Gender | Permanent employees |                | Permanent workers   |                |
|--------|---------------------|----------------|---------------------|----------------|
|        | Return to work rate | Retention rate | Return to work rate | Retention rate |
| Male   | 100%                | 100%           | 100%                | 100%           |
| Female | 100%                | 100%           | NA                  | NA             |
| Total  | 100%                | 100%           | 100%                | 100%           |

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

|                                | Yes/No (If Yes, then give details of the mechanism in brief) |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|--------------------------------|--------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Permanent Workers              | IR Committee, APEX Committee, Whistle Blower, EthicsLine     | Each of KOEL's manufacturing facilities has a dedicated committee responsible for addressing employee concerns raised through the Grievance Redressal Mechanism or via direct communication with Business Unit heads. These committees play a key role in maintaining an open, inclusive, and responsive workplace environment.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Other than Permanent Workers   | Whistle Blower, EthicsLine                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Permanent Employees            | EthicsLine and Whistle Blower                                | Throughout the year, KOEL actively engages with employees through a variety of programmes designed to foster unity and collaboration across diverse backgrounds. The Company follows its SAY, STAY, and STRIVE framework to promote meaningful employee involvement, alongside conducting an annual Employee Engagement Survey (EES) to capture insights into workforce sentiment. The results and trends from the EES are thoroughly analysed to identify areas for improvement and guide the implementation of corrective actions.<br><br>Additionally, employees can escalate concerns to the Industrial Relations (IR) and APEX Committees, where matters are handled with confidentiality and care.<br><br>For more information, please refer to the Grievance Redressal Policy available at: <a href="https://www.kirloskaroilengines.com/documents/541738/cc6d4946-420f-374a-606b-caf50a370c3e">https://www.kirloskaroilengines.com/documents/541738/cc6d4946-420f-374a-606b-caf50a370c3e</a> |
| Other than Permanent Employees | EthicsLine and Whistle Blower                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |



7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

| Category                         | FY 2025                                            |                                                                                              |           | FY 2024                                            |                                                                                              |           |
|----------------------------------|----------------------------------------------------|----------------------------------------------------------------------------------------------|-----------|----------------------------------------------------|----------------------------------------------------------------------------------------------|-----------|
|                                  | Total employees/workers in respective category (A) | No. of employees/workers in respective category, who are part of association(s) or Union (B) | % (B / A) | Total employees/workers in respective category (C) | No. of employees/workers in respective category, who are part of association(s) or Union (D) | % (D / C) |
| <b>Total Permanent Employees</b> | 2344                                               | 0                                                                                            | 0%        | 2246                                               | 0                                                                                            | 0%        |
| Male                             | 2231                                               | 0                                                                                            | 0%        | 2149                                               | 0                                                                                            | 0%        |
| Female                           | 113                                                | 0                                                                                            | 0%        | 97                                                 | 0                                                                                            | 0%        |
| <b>Total Permanent Workers</b>   |                                                    |                                                                                              |           |                                                    |                                                                                              |           |
| Male                             | 125                                                | 125                                                                                          | 100%      | 126                                                | 125                                                                                          | 99%       |
| Female                           | -                                                  | -                                                                                            | -         | -                                                  | -                                                                                            | -         |

8. Details of training given to employees and workers:

| Category         | FY 2025     |                               |             |                      |            | FY 2024     |                               |            |                      |            |
|------------------|-------------|-------------------------------|-------------|----------------------|------------|-------------|-------------------------------|------------|----------------------|------------|
|                  | Total (A)   | On Health and safety measures |             | On Skill upgradation |            | Total (D)   | On Health and safety measures |            | On Skill upgradation |            |
|                  |             | No. (B)                       | % (B / A)   | No. (C)              | % (C / A)  |             | No. (E)                       | % (E / D)  | No. (F)              | % (F / D)  |
| <b>Employees</b> |             |                               |             |                      |            |             |                               |            |                      |            |
| Male             | 2321        | 1257                          | 54%         | 528                  | 23%        | 2259        | 1774                          | 79%        | 1046                 | 46%        |
| Female           | 155         | 76                            | 49%         | 86                   | 55%        | 111         | 111                           | 100%       | 27                   | 24%        |
| <b>Total</b>     | <b>2476</b> | <b>1347</b>                   | <b>54%</b>  | <b>614</b>           | <b>25%</b> | <b>2370</b> | <b>1885</b>                   | <b>80%</b> | <b>1073</b>          | <b>45%</b> |
| <b>Workers</b>   |             |                               |             |                      |            |             |                               |            |                      |            |
| Male             | 1823        | 1823                          | 100%        | 1823                 | 100%       | 1776        | 1776                          | 100%       | 0                    | 0%         |
| Female           | 53          | 53                            | 100%        | 20                   | 38%        | 48          | 15                            | 31%        | 0                    | 0%         |
| <b>Total</b>     | <b>1876</b> | <b>1876</b>                   | <b>100%</b> | <b>1843</b>          | <b>98%</b> | <b>1824</b> | <b>1791</b>                   | <b>98%</b> | <b>0</b>             | <b>0%</b>  |

9. Details of performance and career development reviews of employees and worker:

| Category         | FY 2025     |             |              | FY 2024     |             |             |
|------------------|-------------|-------------|--------------|-------------|-------------|-------------|
|                  | Total (A)   | No. (B)     | % (B / A)    | Total (C)   | No. (D)     | % (D / C)   |
| <b>Employees</b> |             |             |              |             |             |             |
| Male             | 2321        | 2188        | 94.3%        | 2259        | 2136        | 95%         |
| Female           | 155         | 145         | 93.5%        | 111         | 96          | 86%         |
| <b>Total</b>     | <b>2476</b> | <b>2333</b> | <b>94.2%</b> | <b>2370</b> | <b>2232</b> | <b>94%</b>  |
| <b>Workers</b>   |             |             |              |             |             |             |
| Male             | 125         | 125         | 100%         | 126         | 126         | 100%        |
| Female           | NA          | NA          | NA           | 0           | 0           | 0%          |
| <b>Total</b>     | <b>125</b>  | <b>125</b>  | <b>100%</b>  | <b>126</b>  | <b>126</b>  | <b>100%</b> |

10. Health and safety management system:

- Whether an occupational health and safety management system has been implemented by the entity? (Yes/No). If yes, the coverage of such system?  
Yes, KOEL has implemented systems in line with ISO 45001 standards.
- What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?  
In alignment with ISO 45001 standards, KOEL implements robust occupational health and safety practices, including Hazard Identification and Risk Assessment (HIRA), Job Safety Analysis (JSA), and systematic procedures for reporting near-miss incidents, identifying unsafe acts, and addressing hazardous conditions. These measures form a critical part of the Company's commitment to ensuring a safe and proactive working environment.
- Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)  
Yes

KOEL prioritizes worker input and involvement in maintaining safety across all manufacturing facilities. Each unit has dedicated safety committees with active employee participation. These committees are responsible for identifying workplace hazards, implementing corrective measures, assisting management in meeting safety standards, and investigating and documenting incidents. Regular committee meetings are held every three months, with plant heads serving as the designated decision makers. Additionally KOEL has implemented an online system accessible to all facilities for recording near-miss incidents and safety observations, ensuring comprehensive safety management.

d. Do the employees/workers of the entity have access to non-occupational medical and healthcare services? (Yes/No)

Yes

KOEL facilitates access to non-occupational health services for its employees through various initiatives, including medical camps, immunization drives, and health check-ups. Employees can also avail financial aid for medical expenses through medical claims. Additionally, KOEL conducts free health awareness seminars to promote employee well-being and preventive healthcare.

11. Details of safety related incidents, in the following format:

| Safety Incident/Number                                                        | Category  | FY 2025 | FY 2024 |
|-------------------------------------------------------------------------------|-----------|---------|---------|
| Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked) | Employees | 0       | 0       |
|                                                                               | Workers   | 0       | 0       |
| Total recordable work-related injuries                                        | Employees | 0       | 0       |
|                                                                               | Workers   | 0       | 0       |
| No. of fatalities                                                             | Employees | 0       | 0       |
|                                                                               | Workers   | 0       | 0       |
| High consequence work-related injury or ill-health (excluding fatalities)     | Employees | 0       | 0       |
|                                                                               | Workers   | 0       | 0       |

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

External audits for Plant safety , Fire , Electrical and ventilation conducted, Various safety and Health trainings conducted

The Company prioritizes the creation of a safe and healthy workplace environment through a series of proactive measures:

- **Training and Education:** Employees undergo regular training sessions to understand workplace risks and hazards, ensuring they remain informed and safe.
- **Safety Inspections and Audits:** Routine audits and inspections are conducted to prevent any potential mishaps.
- **Personal Protective Equipment (PPE):** Depending on job requirements, employees are provided with appropriate PPE such as helmets, gloves, safety glasses, or respirators to ensure their safety.
- **Hierarchy of Control Strategy:** The entity employs a hierarchy of control strategy, including elimination, substitution, engineering control, administrative control, and personal protective equipment, to mitigate exposure to workplace hazards.
- **Regular Safety Audits:** Competent persons or agencies conduct regular safety audits of the plant to identify and address potential safety concerns.
- **HIRA/JSA/On Job Training:** Employees undergo Hazard Identification and Risk Assessment (HIRA), Job Safety Analysis (JSA), and on-the-job training to enhance safety awareness.
- **Lockout and Tagout (LOTO) System:** The Company ensures the implementation of a Lockout and Tagout system to control hazardous energy sources effectively.
- **Work Permit System:** A Work Permit System is in place for the monitoring of critical activities to ensure safety protocols are followed.
- **Hazard and Operability Study (HAZOP):** Critical areas undergo Hazard and Operability studies to identify potential hazards and mitigate risks effectively.

13. Number of Complaints on the following made by employees and workers:

|                    | FY 2025               |                                       |         | FY 2024               |                                       |         |
|--------------------|-----------------------|---------------------------------------|---------|-----------------------|---------------------------------------|---------|
|                    | Filed during the year | Pending resolution at the end of year | Remarks | Filed during the year | Pending resolution at the end of year | Remarks |
| Working Conditions | 0                     | 0                                     | -       | 0                     | 0                                     | -       |
| Health & Safety    | 0                     | 0                                     | -       | 0                     | 0                                     | -       |

14. Assessment for the year:

|                             | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|-----------------------------|-------------------------------------------------------------------------------------------------------|
| Health and safety practices | 100%                                                                                                  |
| Working Conditions          | 100%                                                                                                  |

Note : Assessments were conducted for all the plants only

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/ concerns arising from assessments of health & safety practices and working conditions.

Not Applicable

**Leadership Indicators**

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers(Y/N).

Yes - for Permanent employees as well as Workers

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The Industrial Relations (IR) team conducts compliance audits on a quarterly basis to ensure adherence to regulatory and organisational standards across the entire contractual workforce.

3. Provide the number of employees/workers having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

|           | Total no. of affected employees/ workers |         | No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment |         |
|-----------|------------------------------------------|---------|---------------------------------------------------------------------------------------------------------------------------------------------------|---------|
|           | FY 2025                                  | FY 2024 | FY 2025                                                                                                                                           | FY 2024 |
| Employees | 0                                        | 0       | 0                                                                                                                                                 | 0       |
| Workers   | 0                                        | 0       | 0                                                                                                                                                 | 0       |

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

No

5. Details on assessment of value chain partners:

|                             | % of value chain partners (by value of business done with such partners) that were assessed |
|-----------------------------|---------------------------------------------------------------------------------------------|
| Health and safety practices | 100%                                                                                        |
| Working Conditions          | 100%                                                                                        |

6. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners.

Not Applicable



## PRINCIPLE 4:

Business should respect the interests of and be responsive to all its stakeholders

### Essential Indicators

#### 1. Describe the processes for identifying key stakeholder groups of the entity.

KOEL identifies its key stakeholders as those who are either impacted by the Company's operations, products, and services or whose actions have a direct or indirect influence on its business performance. The Company places strong emphasis on regular and transparent communication with its stakeholders and has established robust feedback mechanisms to effectively address their concerns and expectations.

#### KOEL's primary stakeholder groups include:



Employees



Shareholders  
and Investors



Customers



Dealers  
and Distributors



Technical  
Collaborators



Banks and  
Financial Institutions



Suppliers and  
Vendors



Society and  
Local Communities



Regulators and  
Government Authorities

These stakeholders play a critical role in the Company's value creation process, and KOEL remains committed to fostering mutually beneficial and trust-based relationships with each group.

#### 2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

| Stakeholder Group | Whether identified as a Vulnerable & Marginalized Group (Yes/No) | Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other                                                                                                                                                                                                                                                                                                                           | Frequency of engagement (Annually/ Half yearly/ Quarterly/others – please specify) | Purpose and scope of engagement including key topics and concerns raised during such engagement                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------------|------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Employees         | No                                                               | <ul style="list-style-type: none"> <li>Town Hall meetings</li> <li>Quarterly appraisals</li> <li>Performance Review forums</li> <li>Employee Engagement Survey</li> <li>Trainings</li> <li>Employee onboarding</li> <li>External consultants' interactions</li> <li>AOP/LRP</li> <li>Deployment meets</li> <li>Feedback from unions</li> <li>IR Committee / Grievance handling committee / Dept.</li> <li>Safety Committee</li> <li>Intranet</li> </ul> | Periodically                                                                       | <p>To stay in touch with the employees, listen to their needs and to address their concerns</p> <p><b>Key topics</b></p> <ul style="list-style-type: none"> <li>New initiatives, strategic direction and organizational progress</li> <li>Emerging business trends</li> <li>Healthy and safe operations</li> <li>Career development</li> <li>Diversity and Inclusion</li> <li>Training and Development</li> <li>Motivation and job satisfaction</li> <li>Employee well-being</li> <li>Reward and recognition</li> <li>Grievance mechanism</li> <li>Policy updates</li> </ul> |

| Stakeholder Group        | Whether identified as a Vulnerable & Marginalized Group (Yes/No) | Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other                                                                       | Frequency of engagement (Annually/ Half yearly/ Quarterly/others - please specify) | Purpose and scope of engagement including key topics and concerns raised during such engagement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--------------------------|------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Shareholders/ Investors  | No                                                               | <ul style="list-style-type: none"> <li>• Annual General Meetings</li> <li>• Quarterly investor calls</li> <li>• Analyst meets</li> <li>• Media Releases</li> <li>• Annual Report</li> </ul>         | Periodically                                                                       | <p>To stay abreast of developments in the Company; To apprise quarterly and annual results</p> <p><b>Key topics</b></p> <ul style="list-style-type: none"> <li>• Business Strategy, financial performance, and outlook</li> <li>• Future investments</li> <li>• Good governance practices</li> <li>• Grievances received and addressed</li> <li>• Compliance with applicable laws</li> <li>• Sustainability</li> </ul>                                                                                                                                                                                             |
| Customers                | No                                                               | <ul style="list-style-type: none"> <li>• One-on-one interaction</li> <li>• Customer satisfaction surveys</li> <li>• Helpdesk</li> <li>• Customer events</li> <li>• Camps and Exhibitions</li> </ul> | Periodically                                                                       | <p>To develop relationships, anticipate short-term and long-term needs and expectations, to capture day-to-day requirements and to enhance KOEL experience for them</p> <p><b>Key topics</b></p> <ul style="list-style-type: none"> <li>• Brand awareness</li> <li>• Information about new and existing products</li> <li>• Availability, quality, and pricing of products</li> <li>• Grievance redressal and transparency</li> <li>• Product Development feedback</li> <li>• Pre and post Sales service</li> </ul>                                                                                                |
| Dealers and Distributors | No                                                               | <ul style="list-style-type: none"> <li>• One-on-one interaction</li> <li>• Monthly/ Quarterly reviews</li> <li>• Helpdesk</li> <li>• Dealer conferences and Meets</li> </ul>                        | Periodically                                                                       | <p>To understand mutual expectations, to apprise of KOEL's policies and process communication, update on new products and sales strategy, to understand market conditions, and to know customer expectations and experience</p> <p><b>Key topics</b></p> <ul style="list-style-type: none"> <li>• KOEL expectations and need assessment</li> <li>• Product availability</li> <li>• Product portfolio</li> <li>• Quality and timely delivery</li> <li>• Market conditions and requirements</li> <li>• Customer expectations and experience</li> <li>• Brand awareness</li> <li>• Contractual obligations</li> </ul> |

| Stakeholder Group          | Whether identified as a Vulnerable & Marginalized Group (Yes/No) | Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other                                                                                                                                                                                                                                                                                                                                                                                       | Frequency of engagement (Annually/ Half yearly/ Quarterly/others – please specify) | Purpose and scope of engagement including key topics and concerns raised during such engagement                                                                                                                                                                                                                                                                               |
|----------------------------|------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Technical Collaborators    | No                                                               | <ul style="list-style-type: none"> <li>One-on-one interaction</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                            | Periodically                                                                       | <p>To strengthen relationships by creating win-win situations</p> <p><b>Key topics</b></p> <ul style="list-style-type: none"> <li>Business opportunities</li> <li>New product development</li> <li>Utilizing the mutual strengths</li> <li>Product knowledge</li> </ul>                                                                                                       |
| Banks                      | No                                                               | <p>Consortium Meetings: Periodical meetings/ interactions with members of the Banks in the consortium</p>                                                                                                                                                                                                                                                                                                                                                                                                           | Periodically                                                                       | <p>To approve funding and non-funding limits for the Company</p> <p><b>Key topics</b></p> <ul style="list-style-type: none"> <li>Funding and non-funding limits</li> <li>Financial performance</li> <li>Strategic business direction</li> </ul>                                                                                                                               |
| Suppliers and Vendors      | No (except a few small enterprises)                              | <ul style="list-style-type: none"> <li>One-to-one interaction</li> <li>Supplier meets / conference (yearly)</li> <li>Quality audit</li> <li>SQL visit</li> <li>Supplier 'A' Panel Meet</li> <li>Technology Day</li> <li>Quality contests (yearly)</li> <li>Supplier Satisfaction Survey</li> <li>BPR (Buffer Penetration Report)</li> <li>Supplier Web Portal</li> <li>Supplier Performance index</li> <li>Joint improvement activities</li> <li>Samvardhan program</li> <li>Value Engineering exercises</li> </ul> | Periodically                                                                       | <p>To mutual share needs and expectations and to develop strategic partnerships and value creation, to share technology</p> <p><b>Key topics</b></p> <ul style="list-style-type: none"> <li>Quality, cost, and delivery improvement</li> <li>Technology sharing</li> <li>Contractual obligations</li> <li>Innovation opportunities</li> <li>Long-term associations</li> </ul> |
| Society/ Local Communities | Yes                                                              | <ul style="list-style-type: none"> <li>Interaction with society/ NGO for the WASH initiative</li> <li>Vasundhara Film festival</li> <li>CSR committee meetings</li> <li>CSR survey</li> <li>Society Perception Survey</li> </ul>                                                                                                                                                                                                                                                                                    | Periodically                                                                       | <p>To contribute back to society by implementing various initiatives, to spread awareness on environmental and social issues</p> <p><b>Key topics</b></p> <ul style="list-style-type: none"> <li>Needs assessment and brand perception</li> <li>Community development and welfare initiatives</li> </ul>                                                                      |



| Stakeholder Group        | Whether identified as a Vulnerable & Marginalized Group (Yes/No) | Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other                                                                                                          | Frequency of engagement (Annually/ Half yearly/ Quarterly/others - please specify) | Purpose and scope of engagement including key topics and concerns raised during such engagement                                                                                                                                                                                                                                                                                         |
|--------------------------|------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Regulator/<br>Government | No                                                               | <ul style="list-style-type: none"> <li>Economic Publication in journals/ seminars/ media reports</li> <li>Interaction with District and State Authorities / Central Govt./ PCB meetings with Direct/ Indirect Tax officials</li> </ul> | Periodically                                                                       | <p>To discussions various regulations and amendments, inspections, approvals</p> <p><b>Key topics</b></p> <ul style="list-style-type: none"> <li>Compliance with applicable laws and regulations</li> <li>Regular tax payments</li> <li>Employment generation</li> <li>Social responsibility</li> <li>Industry concerns and policy advocacy</li> <li>Government expectations</li> </ul> |

All employees are accountable for managing relationships and meeting the expectations of internal and external stakeholders within their areas of responsibility. In addition to this, the concerns of our stakeholders are addressed by Designated Officers, the details of which are given in the policy which is available on the Company's website.

### Leadership Indicators

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

KOEL is committed to fostering transparent, constructive, and ongoing engagement with all stakeholders, recognizing that their perspectives are essential in shaping the Company's strategic direction across economic, environmental, and social dimensions.

Stakeholder consultation is embedded within KOEL's ESG governance framework and is pivotal to aligning business practices with stakeholder expectations. The Company maintains active dialogue with a wide array of stakeholders through diverse channels, including periodic review meetings, supplier engagement forums, and structured customer feedback mechanisms.

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into the policies and activities of the entity.**

Stakeholder consultation remains a cornerstone of KOEL's approach to identifying and addressing key environmental and social priorities. The Company adopts a structured materiality assessment framework to engage both internal and external stakeholders, ensuring alignment between business objectives and stakeholder expectations. These engagements enable KOEL to identify and prioritize issues that are most material to its operations and value chain, culminating in the development of a materiality matrix that guides its sustainability agenda.

These interactions not only shape the Company's strategic sustainability direction but also facilitate the identification of emerging risks and opportunities. During the reporting period, KOEL conducted extensive engagements with diverse ESG-focused stakeholders—including investors, shareholders, consultants, and industry experts—to gain insights into global benchmarks and evolving stakeholder expectations.

Leveraging this feedback, KOEL is in the process of formulating a robust ESG framework with clearly defined Key Performance Indicators (KPIs) and long-term goals, forming an integral component of its Sustainability Strategy 2030. Insights from the consultative process are being embedded into the Company's operational strategy to enhance ESG performance, reinforce responsible business conduct, and drive long-term value creation and sustainable growth.

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.**

KOEL remains steadfast in its commitment to fostering inclusive development by supporting marginalized and underserved segments of society. The Company recognizes the distinct challenges encountered by women, persons with disabilities, and other vulnerable groups, and places a strategic focus on addressing their unique needs.

Through its Corporate Social Responsibility (CSR) initiatives, KOEL undertakes targeted interventions in critical areas such as education, healthcare, hygiene, environmental sustainability, and rural development. These efforts are aimed at promoting the empowerment, well-being, and socio-economic upliftment of disadvantaged communities.

**PRINCIPLE 5:**

Businesses should respect and promote human rights

**Essential Indicators**

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

| Category               | FY 2025     |                                        |               | FY 2024     |                                        |            |
|------------------------|-------------|----------------------------------------|---------------|-------------|----------------------------------------|------------|
|                        | Total (A)   | No. of employees / workers covered (B) | % (B / A)     | Total (C)   | No. of employees / workers covered (D) | % (D / C)  |
| <b>Employees</b>       |             |                                        |               |             |                                        |            |
| Permanent              | 2344        | 325                                    | 13.87%        | 2250        | 2134                                   | 95%        |
| Other than permanent   | 132         | 81                                     | 61%           | 120         | 114                                    | 95%        |
| <b>Total Employees</b> | <b>2476</b> | <b>406</b>                             | <b>16.40%</b> | <b>2370</b> | <b>2248</b>                            | <b>95%</b> |
| <b>Workers</b>         |             |                                        |               |             |                                        |            |
| Permanent              | 125         | 125                                    | 100%          | 126         | 114                                    | 90%        |
| Other than permanent   | 1876        | 65                                     | 3.5%          | 1698        | 255                                    | 15%        |
| <b>Total Workers</b>   | <b>2001</b> | <b>190</b>                             | <b>9.5%</b>   | <b>1824</b> | <b>369</b>                             | <b>20%</b> |

2. Details of minimum wages paid to employees and workers, in the following format:

| Category                    | FY 2025   |                       |           |                        |           | FY 2024   |                       |           |                        |           |
|-----------------------------|-----------|-----------------------|-----------|------------------------|-----------|-----------|-----------------------|-----------|------------------------|-----------|
|                             | Total (A) | Equal to Minimum Wage |           | More than Minimum Wage |           | Total (D) | Equal to Minimum Wage |           | More than Minimum Wage |           |
|                             |           | No. (B)               | % (B / A) | No. (C)                | % (C / A) |           | No. (E)               | % (E / D) | No. (F)                | % (F / D) |
| <b>Employees</b>            |           |                       |           |                        |           |           |                       |           |                        |           |
| <b>Permanent</b>            |           |                       |           |                        |           |           |                       |           |                        |           |
| Male                        | 2231      | 0                     | 0%        | 2231                   | 100%      | 2153      | 0                     | 0%        | 2153                   | 100%      |
| Female                      | 113       | 0                     | 0%        | 113                    | 100%      | 97        | 0                     | 0%        | 97                     | 100%      |
| <b>Other than Permanent</b> |           |                       |           |                        |           |           |                       |           |                        |           |
| Male                        | 90        | 0                     | 0%        | 90                     | 100%      | 106       | 0                     | 0%        | 106                    | 100%      |
| Female                      | 42        | 0                     | 0%        | 42                     | 100%      | 14        | 0                     | 0%        | 14                     | 100%      |
| <b>Workers</b>              |           |                       |           |                        |           |           |                       |           |                        |           |
| <b>Permanent</b>            |           |                       |           |                        |           |           |                       |           |                        |           |
| Male                        | 125       | 0                     | 0%        | 125                    | 100%      | 126       | 0                     | 0%        | 126                    | 100%      |
| Female                      | NA        | NA                    | NA        | NA                     | NA        | NA        | NA                    | NA        | NA                     | NA        |
| <b>Other than Permanent</b> |           |                       |           |                        |           |           |                       |           |                        |           |
| Male                        | 1823      | 1638                  | 90%       | 185                    | 10%       | 1650      | 1501                  | 91%       | 149                    | 9%        |
| Female                      | 53        | 35                    | 66%       | 18                     | 33%       | 48        | 27                    | 56%       | 21                     | 44%       |

3. Details of remuneration/ salary/ wages, in the following format:

- a. Median remuneration/wages:

|                                  | Male   |                                                           | Female |                                                           |
|----------------------------------|--------|-----------------------------------------------------------|--------|-----------------------------------------------------------|
|                                  | Number | Median remuneration/ salary/ wages of respective category | Number | Median remuneration/ salary/ wages of respective category |
| Board of Directors (BoD)         | 8      | 36,00,000                                                 | 3      | 27,75,000                                                 |
| Key Managerial Personnel         | 1      | 3,79,50,187                                               | -      | -                                                         |
| Employees other than BoD and KMP | 1130   | 9,31,500                                                  | 65     | 8,44,380                                                  |
| Workers                          | 891    | 5,04,498                                                  | 19     | 4,44,650                                                  |

Note:

Median is computed on the basis of permanent employees on the rolls of the Company for the full Financial Year 2024-25.

Directors who were appointed/resigned/retired during the year ended 31/03/2025, the remuneration of these Directors is not considered.

- b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

|                                                 | FY 2025 | FY 2024 |
|-------------------------------------------------|---------|---------|
| Gross wages paid to females as % of total wages | 6.2%    | 6%      |

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, all Human Rights complaints are addressed by the Ethics Committee.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

KOEL has instituted dedicated Ethics, POSH (Prevention of Sexual Harassment), and Grievance Redressal Committees to address concerns related to human rights violations and to facilitate continuous process improvements. These governance structures ensure that all complaints and feedback are managed in a structured, transparent, and timely manner.

The Company has also established a comprehensive Human Rights Policy that clearly outlines the procedures for lodging and addressing grievances. The policy document is publicly accessible at: <https://www.kirloskaroilengines.com/documents/541738/c8df523c-f274-5506-d2aa-491a85309bb7> and <https://www.kirloskaroilengines.com/documents/541738/cc6d4946-420f-374a-606b-caf50a370c3e>.

6. Number of Complaints on the following made by employees and workers:

|                                   | FY 2025               |                                       |         | FY 2024               |                                       |         |
|-----------------------------------|-----------------------|---------------------------------------|---------|-----------------------|---------------------------------------|---------|
|                                   | Filed during the year | Pending resolution at the end of year | Remarks | Filed during the year | Pending resolution at the end of year | Remarks |
| Sexual Harassment                 | 0                     | 0                                     |         | 0                     | 0                                     |         |
| Discrimination at workplace       | 0                     | 0                                     |         | 0                     | 0                                     |         |
| Child Labour                      | 0                     | 0                                     |         | 0                     | 0                                     |         |
| Forced Labour/Involuntary Labour  | 0                     | 0                                     |         | 0                     | 0                                     |         |
| Wages                             | 0                     | 0                                     |         | 0                     | 0                                     |         |
| Other human rights related issues | 0                     | 0                                     |         | 0                     | 0                                     |         |

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

|                                                                                                                                  | FY 2025 | FY 2024 |
|----------------------------------------------------------------------------------------------------------------------------------|---------|---------|
| Total Complaints reported under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH) | Nil     | Nil     |
| Complaints on POSH as a % of female employees/workers                                                                            | Nil     | Nil     |
| Complaints on POSH upheld                                                                                                        | Nil     | Nil     |

8. Mechanisms to prevent adverse consequences to the complaint in discrimination and harassment cases.

KOEL actively promotes a culture of transparency and encourages the reporting of grievances without fear of retaliation. The Company is committed to safeguarding the interests of complainants and ensuring they are protected from any adverse consequences.

KOEL's Human Resources Policy is anchored in the principles of equal opportunity and non-discrimination. All HR practices are aligned with applicable labor laws, human rights statutes, and relevant regulatory frameworks. To address potential human rights violations and facilitate corrective measures, KOEL has established robust mechanisms, including the Whistle Blower Policy and the Prevention of Sexual Harassment (POSH) Committee.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes, human rights requirements form part of business agreements. Supplier contracts contain Human Right clauses such as no use of child labor and enforcing the use of PPE (Safety) etc.



## 10. Assessment for the year:

|                             | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|-----------------------------|-------------------------------------------------------------------------------------------------------|
| Child labour                | Nil                                                                                                   |
| Forced/involuntary labor    | Nil                                                                                                   |
| Sexual harassment           | Nil                                                                                                   |
| Discrimination at workplace | Nil                                                                                                   |
| Wages                       | Nil                                                                                                   |
| Others-please specify       | Nil                                                                                                   |

## 11. Provide details of any corrective actions taken or underway to address significant risks/ concerning arising from the assessments at Question 10 above.

Not Applicable

## Leadership Indicators

## 1. Details of a business process being modified/introduced as a result of addressing human rights grievances/complaints.

There were no cases found for which the business process modification was required.

## 2. Details of the scope and coverage of any Human rights due diligence conducted.

KOEL's core values form the cornerstone of its identity as a trusted, accountable, and respected organization. These guiding principles shape the Company's strategic approach to business, ensuring operational excellence while upholding the dignity and fundamental human rights of its workforce.

Through a structured due diligence framework, KOEL ensures full compliance with all applicable statutory requirements, human rights directives, and regulatory obligations. Adherence to the Company's Code of Conduct is rigorously monitored through quarterly assessments. During the current reporting period, 100% of KOEL's operations were subjected to human rights compliance checks.

To further reinforce this commitment, comprehensive training on human rights laws and best practices has been delivered to all employees, promoting awareness and fostering a culture of respect and accountability across the organization.

## 3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

KOEL in due course of time shall ensure that its premises and offices meet the requirements as per the Rights of Persons with Disabilities Act, 2016.

## 4. Details on assessment of value chain partners:

|                             | % of value chain partners (by value of business done with such partners) that were assessed |
|-----------------------------|---------------------------------------------------------------------------------------------|
| Child labour                | *100%                                                                                       |
| Forced/involuntary labor    | *100%                                                                                       |
| Sexual harassment           | *100%                                                                                       |
| Discrimination at workplace | *100%                                                                                       |
| Wages                       | *100%                                                                                       |
| Others-please specify       | *100%                                                                                       |

\*During the reporting year (FY 2024-25), all new suppliers were evaluated based on social criteria such as diversity and equal opportunity, non-discrimination, child labor, forced labor, and human rights.

## 5. Provide details of any corrective actions taken or underway to address significant risks/ concerns arising from the assessments in Question 4 above.

Not applicable

**PRINCIPLE 6:**

Businesses should respect and make efforts to protect and restore the environment

**Essential Indicators****1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

| Parameter                                                                                                                                                  | Unit                           | FY 2025            | FY 2024           |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------|-------------------|
| <b>From renewable sources</b>                                                                                                                              |                                |                    |                   |
| Total electricity consumption (A)                                                                                                                          | GJ                             | 55,037.67          | 48,243.07         |
| Total fuel consumption (B)                                                                                                                                 | GJ                             | 0                  | -                 |
| Energy consumption through other sources (C)                                                                                                               | GJ                             | 0                  | 0                 |
| <b>Total energy consumed from renewable sources (A+B+C)</b>                                                                                                | GJ                             | <b>55,037.67</b>   | <b>48,243.07</b>  |
| <b>From non-renewable sources</b>                                                                                                                          |                                |                    |                   |
| Total electricity consumption (D)                                                                                                                          | GJ                             | 51,912.16          | 63,213            |
| Total fuel consumption (E)                                                                                                                                 | GJ                             | 1,01,762.44        | 1,09,913.6        |
| Energy consumption through other sources (F)                                                                                                               | GJ                             | -                  | 6,039.4           |
| <b>Total energy consumed from non-renewable sources (D+E+F)</b>                                                                                            | GJ                             | <b>1,53,674.60</b> | <b>1,79,166</b>   |
| <b>Total energy consumed (A+B+C+D+E+F)</b>                                                                                                                 | GJ                             | <b>2,08,712.28</b> | <b>2,27,409.1</b> |
| <b>Energy intensity per rupee of turnover</b> (Total energy consumption/ turnover in rupees)                                                               | GJ/Crore Rs.                   | 41.14              | 47.31             |
| <b>Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)</b> (Total energy consumed/ Revenue from operations adjusted for PPP) | GJ/Million INR adjusted to PPP | 850.04             | 1,059.8           |
| <b>Energy intensity in terms of physical output</b>                                                                                                        | GJ/Number of Engines           | 2.50               | 2.26              |
| <b>Energy intensity</b> (optional)- the relevant metric may be selected by the entity                                                                      | -                              | -                  | -                 |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. Limited assurance has been carried out by BDO India LLP for Financial Year 2024-25.

**2. Does the entity have any sites/facilities identified as designated consumers (DCs) under the Performance, Achieve, and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

No, the entity does not come under the category of Designated Consumers.

**3. Provide details of the following disclosures related to water, in the following format:**

| Parameter                                                                                                                                                                                      | FY 2025         | FY 2024            |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|--------------------|
| <b>Water withdrawal by source (in kilolitres)</b>                                                                                                                                              |                 |                    |
| (i) Surface Water                                                                                                                                                                              | 21,804*         | 852                |
| (ii) Ground Water                                                                                                                                                                              | 14,391          | 43,013.01          |
| (iii) Third Party Water                                                                                                                                                                        | 1,76,326        | 2,02,804           |
| (iv) Seawater / desalinated water                                                                                                                                                              | -               | -                  |
| (v) Others                                                                                                                                                                                     | -               | -                  |
| <b>Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)</b>                                                                                                                | <b>2,12,521</b> | <b>2,46,669.01</b> |
| <b>Total volume of water consumption (in kilolitres)</b>                                                                                                                                       | <b>2,12,521</b> | <b>2,46,669.01</b> |
| <b>Water intensity per rupee of turnover</b> (Total Water consumption / Revenue from operations) in kL/Crore Rs                                                                                | 41.89           | 51.32              |
| <b>Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)</b> (Total water consumption/ Revenue from operations adjusted for PPP) in kL/ Million INR adjusted to PPP | 865.55          | 1,149.60           |
| <b>Water intensity in terms of physical output in kL/Number of Engines</b>                                                                                                                     | 2.54            | 2.45               |
| <b>Water intensity (optional) – the relevant metric may be selected by the entity</b>                                                                                                          | -               | -                  |

\*Earlier harvested rainwater was treated as ground water due to CGWA NOC. Consequently after discussions with the authority, it was observed that harvested rainwater should be defined as surface water and NOC of CGWA to be surrendered

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. Limited assurance has been carried out by BDO India LLP for Financial Year 2024-25.

4. Provide the following details related to water discharged:

| Parameter                                                                        | FY 2025                                                                                                                                                                   | FY 2024          |
|----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <b>Water discharge by destination and level of treatment (in kilolitres)</b>     |                                                                                                                                                                           |                  |
| i) To surface water                                                              | Not applicable, as all the generated wastewater is treated and reused for horticulture and domestic purpose. No wastewater is discharged outside the premises of Company. |                  |
| - No treatment                                                                   |                                                                                                                                                                           |                  |
| - With treatment-please specify level of treatment                               |                                                                                                                                                                           |                  |
| ii) To Groundwater                                                               | Not applicable, as all the generated wastewater is treated and reused for horticulture and domestic purpose. No wastewater is discharged outside the premises of Company. |                  |
| - No treatment                                                                   |                                                                                                                                                                           |                  |
| - With treatment-please specify level of treatment                               |                                                                                                                                                                           |                  |
| iii) To Seawater                                                                 | Not applicable, as all the generated wastewater is treated and reused for horticulture and domestic purpose. No wastewater is discharged outside the premises of Company. |                  |
| - No treatment                                                                   |                                                                                                                                                                           |                  |
| - With treatment-please specify level of treatment                               |                                                                                                                                                                           |                  |
| iv) Sent to third-parties                                                        | Not applicable, as all the generated wastewater is treated and reused for horticulture and domestic purpose. No wastewater is discharged outside the premises of Company. |                  |
| - No treatment                                                                   |                                                                                                                                                                           |                  |
| - With treatment-please specify level of treatment                               |                                                                                                                                                                           |                  |
| v) Others                                                                        |                                                                                                                                                                           |                  |
| - No treatment                                                                   |                                                                                                                                                                           |                  |
| - With treatment-please specify level of treatment – gardening & toilet flushing | 47,078.5                                                                                                                                                                  | 49,345.75*       |
| <b>Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)</b>  | <b>47,078.5</b>                                                                                                                                                           | <b>49,345.75</b> |

\*Number has been restated as it was mistakenly captured under no treatment category in the previous year reporting.

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

Yes. Limited assurance has been carried out by BDO India LLP for Financial Year 2024-25.

5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

As part of its commitment to sustainable water management, KOEL has installed a 100 LPH Electric Evaporator at its Nashik plant's Effluent Treatment Plant (ETP). This system treats approximately 2 kilolitres per day (KLD) of wastewater. The treated water is recycled for secondary applications such as toilet flushing and low-grade industrial processes, including water curtains in paint booths at the Kagal plant.

In alignment with its long-term environmental goals, the Company is actively exploring the implementation of a Zero Liquid Discharge (ZLD) system at its Kagal facility in the near future, further reinforcing its focus on water conservation and responsible resource utilization.

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

| Parameter                          | Please specify unit | FY 2025 | FY 2024 |
|------------------------------------|---------------------|---------|---------|
| NOx                                | ppm                 | 8.09    | 8.18    |
| Sox                                | Kg/day              | 2.18    | 16.83   |
| Particulate matter (PM)            | mg/nm3              | 77.43   | 70.28   |
| Persistent organic compounds (POP) | NA                  | NA      | NA      |
| Volatile organic compounds (VOC)   | ppm                 | <0.5    | <0.5    |
| Hazardous air pollutants (HAP)     | NA                  | NA      | NA      |
| Others-please specify              | ppm                 | -       | -       |

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. Limited assurance has been carried out by BDO India LLP for Financial Year 2024-25.



7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

| Parameter                                                                                                                                                                                                 | Unit                                                                                        | FY 2025 | FY 2024 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|---------|---------|
| <b>Total Scope 1 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)                              | Metric tonnes of CO <sub>2</sub> equivalent                                                 | 7414    | 8,140   |
| <b>Total Scope 2 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)                              | Metric tonnes of CO <sub>2</sub> equivalent                                                 | 10483   | 14,399  |
| <b>Total Scope 1 and Scope 2 emission intensity per rupee of turnover</b> (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)                                                             | Emission intensity per Crore rupees of turnover                                             | 3.53    | 2.99    |
| <b>Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)</b> (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP) | Emission intensity per million rupee of turnover adjusted for Purchasing Power Parity (PPP) | 72.89   | 66.9    |
| <b>Total Scope 1 and Scope 2 emission intensity in terms of physical output</b> (As per Number of Engines)                                                                                                | Emission intensity per number of engines                                                    | 0.21    | 0.22    |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. Limited assurance has been carried out by BDO India LLP for Financial Year 2024-25.

8. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

Scope 1 emissions:

- Waste heat recovery from the flue gas during testing of engines is considered and same heat is reused at various applications to reduce resource consumption.
- HVAC system is adopted with HFC and CFC free refrigerants.

Scope 2 emissions:

- Substitution of conventional energy with renewable energy is opted wherever feasible and to a larger extent.

Scope 3 emissions:

- Company owned transport and public transport is prioritized for employee and business commutation.

9. Provide details related to waste management by the entity, in the following format:

| Parameter                                                                                                                                                       | FY 2025        | FY 2024        |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| <b>Total Waste generated (in metric tonnes)</b>                                                                                                                 |                |                |
| Plastic waste (A)                                                                                                                                               | 5.99           | 24.88          |
| E-waste (B)                                                                                                                                                     | 6.77           | 3.81           |
| Biomedical Waste (C)                                                                                                                                            | 0              | 0              |
| Construction and demolition waste (D)                                                                                                                           | 0              | 0              |
| Battery waste (E)                                                                                                                                               | 0              | 18.37          |
| Radioactive waste (F)                                                                                                                                           | 0              | 0              |
| Other Hazardous waste. Please specify, if any. (G)                                                                                                              | 540.52         | 542.89         |
| Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector) (Dry+wet+carton+iron+paper) | 5318.01        | 4817.73        |
| <b>Total (A+B + C + D + E + F + G + H)</b>                                                                                                                      | <b>5871.29</b> | <b>5407.68</b> |
| <b>Waste intensity per Crore rupee of turnover</b> (Total waste generated / Revenue from operations)                                                            | 1.16           | 1.12           |
| <b>Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)</b> (Total waste generated / Revenue from operations adjusted for PPP)      | 23.91          | 25.20          |
| <b>Waste intensity in terms of physical output</b> (in terms of number of engines )                                                                             | 0.070          | 0.053          |

| Parameter                                                                                                                                      | FY 2025     | FY 2024        |
|------------------------------------------------------------------------------------------------------------------------------------------------|-------------|----------------|
| <b>For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)</b> |             |                |
| <b>Category of waste</b>                                                                                                                       |             |                |
| i) Recycled                                                                                                                                    | 4381        | 95.29          |
| ii) Re-used                                                                                                                                    | 0           | 0              |
| iii) Other recovery operations (Co-processing)                                                                                                 | 0           | 0              |
| <b>Total</b>                                                                                                                                   | <b>4381</b> | <b>95.29</b>   |
| <b>For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)</b>                              |             |                |
| <b>Category of waste</b>                                                                                                                       |             |                |
| i) Incineration                                                                                                                                | 234         | 182.76         |
| ii) Landfilling                                                                                                                                | 0           | 62.56          |
| iii) Other disposal operations                                                                                                                 | 0           | 292.933        |
| <b>Total</b>                                                                                                                                   | <b>234</b>  | <b>538.263</b> |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. Limited assurance has been carried out by BDO India LLP for Financial Year 2024-25.

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

KOEL is committed to implementing environmentally responsible waste management practices across its operations. All hazardous and non-hazardous waste generated at the Company's manufacturing facilities is systematically segregated and securely stored in designated covered yards. Disposal activities are carried out in full compliance with the conditions specified in the Consent to Operate issued by the respective State Pollution Control Boards, including adherence to approved disposal methods, limits, and authorized agencies.



The Company ensures that hazardous waste—such as paint sludge, lead-acid batteries, electronic waste, and used engine oil—is responsibly recycled through authorized recyclers to minimize environmental impact. In parallel, KOEL utilizes advanced wastewater treatment processes to achieve regulatory quality standards, enabling the safe reuse of treated water for toilet flushing, irrigation, and other industrial applications—thereby supporting sustainable water resource management.

Furthering its commitment to reducing environmental impact, KOEL has initiated a transition from solvent-based paints to water-based alternatives. This shift is aimed at lowering volatile organic compound (VOC) emissions and reducing the toxicity associated with paint waste, contributing to cleaner and safer manufacturing practices.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

| Sr. No.        | Location of operations/offices | Type of operations | Whether the conditions of environmental approval/ clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any. |
|----------------|--------------------------------|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Not Applicable |                                |                    |                                                                                                                                                            |

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

| Name and brief details of project | EIA Notification No. | Date | Whether conducted by independent external agency (Yes/No) | Results communicated in public domain (Yes/No) | Relevant Web link |
|-----------------------------------|----------------------|------|-----------------------------------------------------------|------------------------------------------------|-------------------|
| Not Applicable                    |                      |      |                                                           |                                                |                   |

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment Protection Act and Rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

| Sr. No.                                                               | Specify the law/regulation / guidelines which was not complied with | Provide details of the non-compliance | Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts | Corrective action taken, if any |
|-----------------------------------------------------------------------|---------------------------------------------------------------------|---------------------------------------|-----------------------------------------------------------------------------------------------------------|---------------------------------|
| The entity is in compliance with all relevant statutory requirements. |                                                                     |                                       |                                                                                                           |                                 |

### Leadership Indicators

1. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility/ plant located in areas of water stress, provide the following information:

- i) Name of the area : Not applicable
- ii) Nature of operations : Not applicable
- iii) Water withdrawal, consumption and discharge in the following format:

| Parameter                                                                                        | FY 2025   | FY 2024   |
|--------------------------------------------------------------------------------------------------|-----------|-----------|
| <b>Water withdrawal by source (in kilolitres)</b>                                                |           |           |
| i) Surface Water                                                                                 | NA        | NA        |
| ii) Ground Water                                                                                 | NA        | NA        |
| iii) Third Party Water                                                                           | NA        | NA*       |
| iv) Seawater / desalinated water                                                                 | NA        | NA        |
| v) Others                                                                                        | NA        | NA        |
| <b>Total volume of water withdrawal (in kilolitres)</b>                                          | <b>NA</b> | <b>NA</b> |
| <b>Total volume of water consumption (in kilolitres)</b>                                         | <b>NA</b> | <b>NA</b> |
| <b>Water intensity per rupee of turnover</b> (Total Water consumption / Revenue from operations) | NA        | NA        |
| <b>Water intensity</b> (optional) – the relevant metric may be selected by the entity            | NA        | NA        |
| <b>Water discharge by destination and level of treatment (in kilolitres)</b>                     |           |           |
| i) Into Surface water                                                                            |           |           |
| - No treatment                                                                                   | NA        | NA        |
| - With treatment – please specify level of treatment                                             | NA        | NA        |
| ii) Into Groundwater                                                                             |           |           |
| - No treatment                                                                                   | NA        | NA        |
| - With treatment – please specify level of treatment                                             | NA        | NA        |
| iii) Into Seawater                                                                               |           |           |
| - No treatment                                                                                   | NA        | NA        |
| - With treatment – please specify level of treatment                                             | NA        | NA        |
| iv) Sent to third-parties                                                                        |           |           |
| - No treatment                                                                                   | NA        | NA        |
| - With treatment – please specify level of treatment                                             | NA        | NA        |
| v) Others                                                                                        |           |           |
| - No treatment                                                                                   | NA        | NA        |
| - With treatment – please specify level of treatment                                             | NA        | NA        |
| <b>Total water discharged (in kilolitres)</b>                                                    | <b>NA</b> | <b>NA</b> |

\*Restatement has been made as the number is captured in total water withdrawal under Essential Indicator 3 of Principle 6.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No



2. Please provide details of total Scope 3 emissions & its intensity, in the following format:

| Parameter                                                                                                                                                                    | Unit                                        | FY 2025 | FY 2024 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|---------|---------|
| <b>Total Scope 3 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available) | Metric tonnes of CO <sub>2</sub> equivalent | 226242  | NA      |
| <b>Total Scope 3 emissions per rupee of turnover</b>                                                                                                                         | emissions per Crore Rupees                  | 44.60   | NA      |
| <b>Total Scope 3 emission intensity</b> (optional) – the relevant metric may be selected by the entity                                                                       | -                                           | -       | NA      |

KOEL has started tracking Scope 3 emissions (categories included are goods & services and fuel and energy) from FY 2025

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

No

3. With respect to the ecologically sensitive areas reported at Question 11 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along with prevention and remediation activities.

We are not operating in ecologically sensitive zones.

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge/waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

| Sr. No. | Initiative undertaken | Details of the initiative (Web-link, if any, may be provided along-with summary)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Outcome of the initiative                                                                                                                                                                                                                                                                                                                                |
|---------|-----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1       | Energy Management     | <ul style="list-style-type: none"> <li>Captive Solar Power Plant-8.18 MWp</li> <li>Micro wind turbines- 30kWp</li> <li>Solar Battery Charging station-15kWp</li> <li>Solar Steam generator (Parabola)- 350 kgs/day</li> <li>Biogas and generator- 300kgs/day and 12 KVA</li> <li>Solar Pumping system-15kW</li> <li>Solar street lights-400 nos.</li> <li>Solar hot water generator-1500 ltrs/day</li> <li>E- buggy &amp; E- bike for internal movement</li> <li>Installation of organic waste converter</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <ol style="list-style-type: none"> <li>Increased the share of renewable energy in total electricity consumption</li> <li>Energy intensity (in terms of turnover) reduced by 0.13% as compared to Financial Year 2023-24.</li> </ol>                                                                                                                      |
| 2       | Water Management      | <ul style="list-style-type: none"> <li><b>Real-time Monitoring System:</b> KOEL utilizes a real-time water monitoring system that includes 27 water flow meters and live tank level sensors. This system allows for the tracking of water consumption from various sources, including MIDC water, pond water, and treated effluent. The monitoring is centralized through Bulfro Water Management Solutions, providing 24/7 oversight.</li> <li><b>Integrated Weather &amp; Groundwater Monitoring:</b> KOEL also uses in-house weather stations and piezometers to track precipitation and groundwater levels. This data helps in the efficient management of rainwater harvesting efforts.</li> <li><b>Modification of Industrial Processes:</b> KOEL has modified its industrial processes to reduce water usage. For example, the introduction of dry cutting machines in machining processes has eliminated water consumption in those operations.</li> <li><b>Reuse of AC Condensate Water:</b> KOEL reuses condensate water from its air conditioning units for coolant preparation, reducing the need for fresh water.</li> <li><b>Smart Urinal O-Rings:</b> The installation of O-rings in urinals reduces freshwater consumption in sanitation facilities.</li> <li><b>Wastewater Treatment and Reuse:</b> KOEL treats and reuses wastewater within its facilities. Treated water is used for gardening and flushing toilets, reducing the reliance on freshwater sources.</li> </ul> | <ol style="list-style-type: none"> <li>Through these projects, KOEL actively contributes to addressing water scarcity, improving water quality, and promoting sustainable water management in the communities surrounding its Plant.</li> <li>Water intensity (in terms of turnover) reduced by 18.37% as compared to Financial Year 2023-24.</li> </ol> |

| Sr. No. | Initiative undertaken      | Details of the initiative (Web-link, if any, may be provided along-with summary)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Outcome of the initiative                                              |
|---------|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|
| 3       | Waste/Materials Management | <ul style="list-style-type: none"> <li>• <b>Minimize Resource Consumption:</b> We have optimize processes and use lean manufacturing to reduce the use of raw materials, water, and energy, preventing waste generation.</li> <li>• <b>Digital Transformation:</b> KOEL has implemented digital systems for documentation, work permits, ISO management, HR applications, and monitoring utilities to significantly reduce paper waste.</li> <li>• <b>Reusable Skids:</b> KOEL has replaced plastic pallets with durable and reusable skids, collected from partners and reintroduced into operations.</li> <li>• <b>Reuse of C&amp;D Waste:</b> Construction and Demolition (C&amp;D) waste is reused for backfilling, and reusable materials like paving blocks and bricks are recovered.</li> <li>• <b>Oil Recycling:</b> Lubrication oil is filtered and recycled</li> </ul> | 100% utilization of recycled water for Toilet flushing, gardening etc. |

**5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.**

KOEL has developed and implemented a comprehensive Business Continuity Policy and Plan, meticulously designed to address the specific requirements of its diverse business units, manufacturing facilities, and key corporate functions, including Human Resources and Finance. This framework ensures organizational resilience and preparedness in the face of potential disruptions, thereby safeguarding critical operations and enabling seamless continuity of business activities.

**6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.**

KOEL conducts ongoing assessments of its value chain partners to evaluate the potential environmental impacts arising from their operations. Where significant risks or adverse effects are identified, the Company proactively implements appropriate mitigation measures to address and minimize these impacts, thereby reinforcing its commitment to sustainable and responsible supply chain practices.

**7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**

KOEL has conducted environmental and social screening for 100% of its key suppliers involved in the production of critical components. To drive continuous improvement and uphold high standards, the Company has implemented a "Zero Defect" initiative aimed at enhancing supplier performance. This program includes structured reviews conducted every six months, with a strong focus on improving Environmental, Health, and Safety (EHS) ratings, along with other social performance indicators.

**8. How many Green Credits have been generated or procured:**

- By the listed entity
- By the top ten (in terms of value of purchases and sales, respectively) value chain partners

No green Credit were procured during the current financial year.

## PRINCIPLE 7:

Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

### Essential Indicators

1. a. Number of affiliations with trade and industry chambers/associations.  
The Company is a member of 7 trade and industry chambers/ associations.
- b. List the top 10 trade and industry chambers/associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

| Sr. No. | Name of the trade and industry chambers/ associations   | Reach of trade and industry chambers/ associations (State/National) |
|---------|---------------------------------------------------------|---------------------------------------------------------------------|
| 1       | Bombay Chamber of Commerce and Industry                 | State                                                               |
| 2       | Confederation of Indian Industry (Western Region)       | National                                                            |
| 3       | Engineering Export Promotion Council                    | National                                                            |
| 4       | Federation of Indian Chambers of Commerce and Industry  | National                                                            |
| 5       | Federation of Indian Export Organizations               | National                                                            |
| 6       | Mahratta Chamber of Commerce Industries and Agriculture | State                                                               |
| 7       | Automotive Research Association of India                | National                                                            |

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

| Name of authority                                                                                                                                                                             | Brief of the case | Corrective action taken |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------------|
| Not Applicable as the Company received zero notices for anti-competitive, antitrust, conflict of interest, or monopolistic practices from regulatory authorities during the reporting period. |                   |                         |

### Leadership Indicators

1. Details of public policy positions advocated by the entity:

| Sr. No.                                                                 | Public policy advocated | Method resorted for such advocacy | Whether information available in public domain? (Yes/No) | Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify) | Web Link, if available |
|-------------------------------------------------------------------------|-------------------------|-----------------------------------|----------------------------------------------------------|-------------------------------------------------------------------------------------------|------------------------|
| During the reporting period, no public policy positions were advocated. |                         |                                   |                                                          |                                                                                           |                        |

## PRINCIPLE 8:

Businesses should promote inclusive growth and equitable development

### Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year

| Name and brief details of project | SIA Notification No. | Date of notification | Whether conducted by independent external agency (Yes / No) | Results communicated in public domain (Yes / No) | Relevant Web link |
|-----------------------------------|----------------------|----------------------|-------------------------------------------------------------|--------------------------------------------------|-------------------|
| Not applicable                    |                      |                      |                                                             |                                                  |                   |



2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

| Sr. No.        | Name of Project for which R&R is ongoing | State | District | No. of Project Affected Families (PAFs) | % of PAFs covered by R&R | Amounts paid to PAFs in the FY (In ₹) |
|----------------|------------------------------------------|-------|----------|-----------------------------------------|--------------------------|---------------------------------------|
| Not applicable |                                          |       |          |                                         |                          |                                       |

3. Describe the mechanisms to receive and redress grievances of the community.

KOEL's Corporate Social Responsibility (CSR) initiatives are designed to address critical socio-economic issues impacting local communities, with a special emphasis on supporting underprivileged segments. To ensure effective resolution of community concerns and enhance the impact of its initiatives, the Company has established structured feedback and engagement mechanisms:

**Direct Community Engagement:** CSR representatives maintain regular, on-ground engagement with community members to understand their concerns, address grievances, and foster trust-based relationships.

**Society Perception Surveys:** KOEL conducts periodic perception surveys through a reputed third-party agency to assess how its CSR efforts are viewed by local communities. The insights gained from these surveys are instrumental in evaluating current performance and identifying opportunities for enhancing future programs.

**Community Satisfaction Survey Index:** The Company periodically evaluates community satisfaction through a structured index, targeting a minimum benchmark score of 85. This index serves as a key performance indicator to monitor the effectiveness of CSR initiatives and guide continuous improvement.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

|                                              | FY 2025 | FY 2024 |
|----------------------------------------------|---------|---------|
| Directly sourced from MSMEs/ small producers | 33.02%  | 33.41%  |
| Directly from within India                   | 95.4%   | 95.2%   |

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost

| Location     | FY 2025 | FY 2024 |
|--------------|---------|---------|
| Rural        | 0%      | 0%      |
| Semi-urban   | 0%      | 0%      |
| Urban        | 27%     | 30%     |
| Metropolitan | 73%     | 70%     |

(Place to be categorized as per RBI Classification System - rural / semi-urban / urban / metropolitan)

### Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

| Details of negative social impact identified | Corrective action taken |
|----------------------------------------------|-------------------------|
| Not applicable                               |                         |

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

| Sr. No.        | State | Aspirational District | Amount spent (In ₹) |
|----------------|-------|-----------------------|---------------------|
| Not applicable |       |                       |                     |

3. A) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized/ vulnerable group? (Yes/ No) B) From which marginalized /vulnerable groups do you procure? C) What percentage of total procurement (by value) does it constitute?

As part of its commitment to inclusive growth and sustainable supply chain practices, KOEL prioritizes collaboration with small and regional suppliers. The Company strategically focuses on local procurement by sourcing materials from vendors located within a 300-kilometer radius, thereby supporting small and medium-sized enterprises (MSMEs) and contributing to regional economic development.

To further enhance the capabilities of its supplier base, KOEL implements the Samvardhan Programme, an initiative aimed at empowering MSME partners through the adoption of LEAN manufacturing principles. This program is designed to improve operational efficiency, foster innovation, and instill an entrepreneurial mindset among suppliers. Through these efforts, KOEL strengthens its supply chain ecosystem while promoting the growth and resilience of local businesses.

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

| Sr. No. | Intellectual Property based on traditional knowledge | Owned/ Acquired (Yes/No) | Benefit shared (Yes / No) | Basis of calculating benefit share |
|---------|------------------------------------------------------|--------------------------|---------------------------|------------------------------------|
|---------|------------------------------------------------------|--------------------------|---------------------------|------------------------------------|

Not applicable since the Company has standard patents that are not based on traditional knowledge and does not own any intellectual properties based on traditional knowledge.

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property-related disputes wherein usage of traditional knowledge is involved.

| Name of authority | Brief of the Case | Corrective action taken |
|-------------------|-------------------|-------------------------|
| Not applicable    |                   |                         |

6. Details of beneficiaries of CSR Projects:

| Sr. No. | CSR Project            | No. of persons benefitted from CSR Projects | % of beneficiaries from vulnerable and marginalized groups |
|---------|------------------------|---------------------------------------------|------------------------------------------------------------|
| 1       | Health                 | 2223                                        | 30%                                                        |
| 2       | Education              | 5042                                        | 40%                                                        |
| 3       | Sustainable Livelihood | 2348                                        | 40%                                                        |
| 4       | Environment            | 155200                                      | 40%                                                        |

Note: We are conducting various CSR activities in more than 15 villages & some areas of three cities (Kolhapur, Pune, Nashik) & covering approx. 200000 population.

## PRINCIPLE 9:

Businesses should engage with and provide value to their consumers in a responsible manner

### Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

#### Customer Engagement and Support

KOEL is committed to delivering seamless and accessible customer support through a multi-channel engagement strategy. Customers can connect with the dedicated support team via:

- Phone/WhatsApp: 8806334433
- Email: [koel.helpdesk@kirloskar.com](mailto:koel.helpdesk@kirloskar.com)
- Kirloskar Self-Service App: Available on the Google Play Store

The Company operates a 24x7 helpdesk to ensure round-the-clock assistance. In critical situations, helpdesk personnel facilitate direct connectivity with Kirloskar Service Engineers to enable prompt resolution. Contact information for the Helpdesk is prominently displayed on DG sets, the official website, and across all Point-of-Sale Materials (POSMs) to enhance accessibility.

All service requests are diligently tracked in KOEL's Dealer Business Management System (Pulse) until closure, ensuring accountability and transparency. For post-warranty concerns, customers may approach authorized service dealers who, in turn, log requests into Pulse.

KOEL has established a structured grievance redressal mechanism involving Area Service Managers, the Rapid Response Team (RRT), Zonal Service Managers, and Key Account Managers. These officials directly engage with customers to understand concerns and initiate corrective measures through the service dealer network. When necessary, in-person interactions are undertaken to facilitate resolution. Additionally, targeted drive campaigns are periodically conducted to address product- or segment-specific challenges, fostering continuous improvement.

Digital transformation initiatives underpin KOEL's customer support infrastructure. Key Performance Indicators (KPIs) such as Response Time (4 hours), Time to Repair (TTR – 24/48 hours), First-Time-Right resolution, and First Visit Resolution are monitored through Pulse to ensure adherence to service benchmarks.

Service requests are efficiently routed to service dealers based on pin code mapping and monitored daily at all organizational levels up to the Customer Support Head. A well-defined escalation matrix addresses any delays.

Customer satisfaction is systematically captured through the Customer Delight Index (CDI), with 206,404 CDI calls and SMS interactions conducted in FY25. Feedback is gathered via follow-up calls and SMS links upon closure of each request. Complaints from detractor customers (those rating service  $\leq 6/10$ ) are handled directly by KOEL personnel and closed only upon confirmation of satisfactory resolution. Feedback from passive customers (rating 7 or 8) is randomly sampled to further understand expectations.

If a service job is reported as incomplete, the Helpdesk logs a new Service Request, prompting the assigned provider to complete the work and close the issue upon customer satisfaction.

KOEL's robust pan-India support network includes 495 service outlets and over 2,800 trained personnel, ensuring responsive and effective after-sales service through digitized operations. Customers may also reach the Company via the "Contact Us" page on the official website: <https://www.kirloskaroilengines.com/contact>.

**2. Turnover of products and/ services as a percentage of turnover from all products/services that carry information about:**

| State                                                       | As a percentage to total turnover                                               |
|-------------------------------------------------------------|---------------------------------------------------------------------------------|
| Environmental and social parameters relevant to the product | 100% of total turnover is associated with safe and responsible usage            |
| Safe and responsible usage                                  | No specific labels provided to quantify this as a percentage of total turnover. |
| Recycling and/or safe disposal                              | No specific labels provided to quantify this as a percentage of total turnover. |

**3. Number of consumer complaints in respect of the following:**

|                                    | FY 2025                  |                                   |         | FY 2024                  |                                   |                                                                                                                                                                                                                              |
|------------------------------------|--------------------------|-----------------------------------|---------|--------------------------|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                    | Received during the year | Pending resolution at end of year | Remarks | Received during the year | Pending resolution at end of year | Remarks                                                                                                                                                                                                                      |
| Data privacy                       | 2,46,735                 | 395 <sup>#</sup>                  | -       | 2,69,528                 | 218 <sup>*</sup>                  | The complaints recorded here refer to the Service Requests raised by customers primarily regarding warranty, warranty free checks, post warranty jobs, Comprehensive Maintenance Contracts and Annual maintenance contracts. |
| Advertising                        |                          |                                   |         |                          |                                   |                                                                                                                                                                                                                              |
| Cyber-security                     |                          |                                   |         |                          |                                   |                                                                                                                                                                                                                              |
| Delivery of essential services     |                          |                                   |         |                          |                                   |                                                                                                                                                                                                                              |
| Restrictive Trade Practices        |                          |                                   |         |                          |                                   |                                                                                                                                                                                                                              |
| Unfair Trade Practices             |                          |                                   |         |                          |                                   |                                                                                                                                                                                                                              |
| Others (Products defects reported) |                          |                                   |         |                          |                                   |                                                                                                                                                                                                                              |

<sup>#</sup>Out of 395 open complaints, 376 complaints were closed as on 30th April 2025.

<sup>\*</sup> These complaints were closed by 3rd April 2024.



4. Details of instances of product recalls on account of safety issues:

|                   | Number | Reasons for recall |
|-------------------|--------|--------------------|
| Voluntary recalls | 0      | -                  |
| Forced recalls    | 0      | -                  |

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy

Yes, <https://www.kirloskaroilengines.com/privacy-policy>

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/services.

During the reporting period, there were no reported concerns or incidents related to advertising practices, continuity in the delivery of essential services, customer data privacy or cybersecurity breaches. Additionally, there were no instances of product recall recurrences or regulatory actions/penalties pertaining to the safety of products and services

7. Provide the following information relating to data breaches:

- Number of instances of data breaches - No instance of data breaches in last financial year
- Percentage of data breaches involving personally identifiable information of customers - Not applicable
- Impact, if any, of the data breaches - Not Applicable

Leadership Indicators

1. Channels/platforms where information on products and services of the entity can be accessed (provide web link, if available).

Yes, product-specific information is available on our website: <https://www.kirloskaroilengines.com/products>

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/ or services.

**Customer Education and Service Excellence Initiatives**

KOEL adopts a comprehensive and multi-dimensional approach to customer education, aimed at fostering informed usage and maximizing product efficiency across its user base.

**Product Labeling and Documentation**

KOEL ensures customers are well-informed through clear and compliant product labeling. Display labels and detailed Operations & Maintenance (O&M) manuals are provided in adherence to applicable regulatory standards. These materials contain essential product information, including "Dos and Don'ts," regulatory references, user manuals, and parts code numbers, enabling customers to operate and maintain KOEL products safely and effectively.

**Commissioning Support**

During the commissioning of CPCBII and joint commissioning for CPCBIV+ generator sets, customers are guided through detailed "Dos and Don'ts," which are reinforced through the application of on-site instructional stickers to ensure safe operational practices.

**Nationwide Training Programs**

To further support customers and stakeholders, KOEL conducts structured training programs such as On-the-Job Training (OJT), OEM meets, and operator education sessions. These programs aim to build product familiarity and operational confidence among customers, OEMs, and operators across the country.

**Service Dealer Competency Enhancement**

KOEL has institutionalized annual training programs for its All-India network of service dealers and technicians. These trainings focus on:

- Engine assembly and dismantling techniques.
- Best-practice maintenance protocols.
- Electrical systems training, including alternators, control panels, and controllers.

### Additional Customer Training Initiatives

In addition to formal programs, KOEL undertakes various customer outreach and education efforts, including:

- Live product demonstrations, especially for PG and industrial segments.
- On-site training at customer locations.
- Distribution of product literature to support post-sale engagement.
- Promotion of sustainable practices through the use of skids in place of wooden packaging.
- Direct communication with customers during site visits by business unit representatives.

In summary, KOEL is committed to comprehensive customer education through detailed product information, practical on-site guidance, and ongoing training programs for both customers and service personnel.

### 3. Mechanisms in place to inform consumers of any risk of disruption/ discontinuation of essential services.

Not applicable, as KOEL does not provide essential services.

### 4. A) Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) B) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

KOEL's products are certified by multiple recognized authorities, including Factory Manual Underwriters Laboratory (FMUL), Bureau of Indian Standards (BIS), and the European Conformity (CE) certification, underscoring the Company's adherence to rigorous quality and safety standards.

To promote responsible usage and disposal, product labeling is designed to effectively communicate essential information to both customers and recyclers. KOEL ensures that all parts and products are equipped with display labels and are accompanied by comprehensive Operations & Maintenance (O&M) manuals, in full compliance with applicable labeling regulations.

Each product is clearly marked with critical information including  usage guidelines, regulatory approvals, user manuals, Do's and Don'ts, and parts code references, thereby empowering customers with the knowledge required for safe and efficient product handling.

# Independent Assurance Statement

To,  
**Kirloskar Oil Engines Limited**  
Laxmanrao Kirloskar Road,  
Khadki, Pune - 411 003

**Independent Assurance Statement to Kirloskar Oil Engines Limited on select non-financial disclosures in the Business Responsibility & Sustainability Report for the financial year 2024-25.**

## Introduction and objective of engagement

Kirloskar Oil Engines Limited (the 'Company') has developed its Business Responsibility and Sustainability Report (BRSR) (the 'Report') based on the BRSR reporting guidelines prescribed by SEBI for listed entities. The reporting criteria have been derived from the Principles of National Guidelines on Responsible Business Conduct, 2018 (NGRBC), and Greenhouse Gas (GHG) Protocol - A Corporate Accounting and Reporting Standard. The BRSR will be part of the Company's Annual Report 2024-25.

BDO India LLP (BDO) was engaged by the Company to provide independent limited assurance on select non-financial information in the Report for the financial year 2024-25.

## The Company's responsibilities

The Report content and its presentation are the sole responsibilities of the management of the Company. The Company management is also responsible for the design, implementation, and maintenance of internal controls relevant to the preparation of the Report, so that it is free from material misstatement, whether due to fraud or error.

## BDO's responsibilities

BDO India LLP responsibility, as agreed with the management of the Company, is to provide assurance on the Report content as described in the 'Scope & boundary of Assurance' section below. We do not accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance a third party may place on the Report is entirely at its own risk.

## Assurance standard

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and ISAE 3410, "Assurance Engagements on Greenhouse Gas Statement" issued by the International Auditing and Standards Board. We applied the criteria of 'Limited' assurance.

## Scope & boundary of assurance

We have assured the select indicators in the Report pertaining to the Company's non-financial performance covering its operations for the period 1st April 2024 through 31st March 2025. The indicators under the scope of assurance are listed in Appendix 1.

## Assurance methodology

Our assurance process entails conducting procedures to gather evidence regarding the reliability of the disclosures covered in the assurance scope. We conducted a review and verification of data collection, collation, and calculation methodologies, and a general review of the logic of inclusion/ omission of relevant information/ data in the Report. Our review process included:

- Evaluate and assess the appropriateness of the quantification methods used to arrive at the non-financial sustainability information of the select BRSR indicators in the Report;
- Review of consistency of data/information within the Report as well as between the Report and source;
- Engagement through discussions with personnel at the corporate level who are accountable for the data and information presented in the Report;
- Execution of an audit trail of claims and data streams, to determine the level of accuracy in collection, transcription, and aggregation;
- Review of data collection and management procedures, and related internal controls.

We used our professional judgement as Assurance Provider and applied appropriate risk-based approach, for determining sample for review of non-financial information for verification. The reviews were conducted through virtual mode, where information and evidence were made available to us.

## Limitations and exclusions:

There are inherent limitations in an assurance engagement, including, for example, the use of judgement and selective testing of data. Accordingly, there are possibilities that material misstatements in the Report may remain undetected.

The assurance scope excludes:

- Data and information outside the defined reporting period (1st April 2024 to 31st March 2025)
- Review of the 'economic and/or financial performance indicators' included in the Report or on which reporting is based; we have been informed by the Company that these are derived from the Company's audited financial records;
- The Company's statements and claims related to any topic other than those listed in the 'Scope & boundary of assurance' and the indicators listed in Appendix-1;
- The Company's statements that describe qualitative/ quantitative assertions, expression of opinion, belief, inference, aspiration/targets, expectation, aim or future intention.



### Our observations

We have reviewed the disclosures in the “Report” for the reporting period from 1st April 2024 through 31st March 2025. The disclosures of the Company, covered under the ‘Scope and boundary of assurance’, are fairly reliable.

### Our conclusions

Based on the procedures performed and evidence obtained as defined under the ‘Scope & boundary of assurance’, nothing has come to our attention that causes us not to believe that the disclosures of the Company is presented fairly in accordance with the relevant reporting guidelines/standards.

### Our assurance team and independence

BDO India LLP is a professional services firm providing services in Advisory, Assurance, Tax, and Business Advisory Services, to both domestic and international organizations across industry sectors. Our non-financial assurance practitioners for this engagement are drawn from a dedicated Sustainability and ESG Team in

the organization. This team is comprised of multidisciplinary professionals, with expertise across the domains of sustainability, global sustainability reporting standards and principles, and related assurance standards. This team has extensive experience in conducting independent assurance of sustainability data, systems, and processes across sectors and geographies. As an assurance provider, BDO India LLP is required to comply with the independence requirements set out in the International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants. Our independence policies and procedures ensure compliance with the Code.

#### For BDO India LLP

Sd/-

**INDRA GUHA**

Partner | Sustainability & ESG  
Business Advisory Services

Gurugram, Haryana  
14 May 2025

## Appendix 1

(to be read as part of ‘Scope and boundary of assurance’)

The sustainability indicators/disclosures considered during the engagement are presented below:

| Section/Principle                   | Indicator as defined in Annexure II of Circular by SEBI <sup>1</sup>                                            |
|-------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| Section A: General Disclosures      | Employees and workers (including differently abled)                                                             |
|                                     | Differently abled Employees and workers                                                                         |
|                                     | Turnover rate for permanent employees and workers                                                               |
| Principle 1: Essential Indicator 8  | Number of days of accounts payables                                                                             |
| Principle 1: Essential Indicator 9  | Open-ness of business                                                                                           |
| Principle 3: Essential Indicator 1  | Details of measures for the well-being of employees/workers                                                     |
|                                     | Spending on measures towards well-being of employees and workers (including permanent and other than permanent) |
|                                     | Return to work and Retention rates of permanent employees and workers that took parental leave                  |
| Principle 3: Essential Indicator 5  | Details of safety-related incidents                                                                             |
| Principle 3: Essential Indicator 11 | Details of median remuneration/ salary/ wages                                                                   |
| Principle 5: Essential Indicator 3a | Details of total energy consumption (in Joules or multiples) and energy intensity                               |
| Principle 6: Essential Indicator 1  | Details of the disclosures related to water                                                                     |
| Principle 6: Essential Indicator 3  | Details of air emissions (other than GHG emissions) by the entity                                               |
| Principle 6: Essential Indicator 5  | Details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity                             |
| Principle 6: Essential Indicator 6  | Details related to waste management by the entity                                                               |
| Principle 6: Essential Indicator 8  | Percentage of input material (inputs to total inputs by value) sourced from suppliers                           |
| Principle 8: Essential Indicator 4  | Number of consumer complaints                                                                                   |
| Principle 9: Essential Indicator 3  |                                                                                                                 |

<sup>1</sup> SEBI vide Circular SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 dated 12 July, 2023

# Financial Statements

# Independent Auditor's Report

## The Members of Kirloskar Oil Engines Limited

Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying Standalone Financial Statements of Kirloskar Oil Engines Limited ("the company"), which comprise the Balance Sheet as at March 31, 2025, the Statement of Profit and Loss (including Other Comprehensive Loss), Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes to the Financial Statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as "the Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 as amended ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at March 31, 2025 and its profit (including Other Comprehensive Loss), changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of Standalone Financial Statements in accordance with the Standards on Auditing (SAs) as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules made thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Standalone Financial Statements for the financial year ended March 31, 2025. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context. We have determined the matter described below to be the key audit matter to be communicated in our report.

### Revenue recognition:

During the financial year the company has recognized revenue from contracts with customers for sale of goods and services of ₹ 5,072.71 Crores (Refer Note 30 of Standalone Financial Statements). Revenue is recognized as per revenue recognition policy described in Note 41.4.17.

We have identified revenue recognition as a key audit matter since it involves significant management judgement and estimates including whether contracts contain multiple performance obligations which should be accounted for separately. This comprises allocation of the transaction price to each performance obligation and assessing whether the identified performance obligations are satisfied at a point in time or satisfied over a period of time and determining when the control is transferred.

Our audit methodology included the following:

- Obtained an understanding and assessed internal controls and its effectiveness with regards to recognition of revenue.
- Analyzed major streams of revenue of the company to assess whether the method of revenue recognition is consistent with 'Ind AS 115, Revenue from Contracts with customers' and has been applied consistently.
- Focused on contract classification, determination of the performance obligations and determination of transaction price including variable consideration for selected samples.
- Tested on sample basis whether revenue transactions near to the reporting date have been recognized in the appropriate period based on terms of the contract.
- Evaluated and critically analyzed on sample basis, the significant judgements and estimates made by the management in applying the accounting policy for allocation of transaction price and the timing of transfer of control.
- Critically analyzed the adequacy and appropriateness of disclosures required as per 'Ind AS 115, Revenue from Contracts with Customers'.

### Other Information

The company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Corporate Governance, Business Responsibility and Sustainability Report and Directors' Report, but does not include the Standalone Financial Statements and our auditor's report thereon.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The company's 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, changes in equity and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, the Board of Directors 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 Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to Standalone Financial Statements 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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements for the financial year ended March 31, 2025 and are therefore the key audit matters. We describe these matters in our auditor's

report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, 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 Loss), the statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid Standalone Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - (e) On the basis of the written representations received from the directors as on March 31, 2025 taken on record by the Board of Directors, none of the director is disqualified as on March 31, 2025 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 with reference to Standalone Financial Statements of the company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B' to this report. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to Standalone Financial Statements.
  - (g) As required by section 197 (16) of the Act, in our opinion and according to information and explanation provided to us, the remuneration paid/ provided for by the company to its directors is in accordance with the provisions of section 197 of the Act and remuneration paid to directors is not in excess of the limit laid down under this section.
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of

the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

- (i) The company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements – Refer Note 41.5.1 to the Standalone Financial Statements.
- (ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.
- (iv) (a) The management has represented that to the best of its knowledge or belief, no funds other than as disclosed in the notes to the Standalone Financial Statements (Refer Note 46) 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 or belief, no funds have been received by the company from any other 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 the audit procedures considered reasonable and appropriate in the circumstances carried out by us, nothing has come to our notice that has caused us to believe that the representation under clause (iv)(a) & (iv)(b) contain any material misstatements.
- (v) (a) The final dividend proposed for the previous year, declared and paid by the Company

during the year is in accordance with Section 123 of the Act, as applicable.

- (b) The interim dividend declared and paid by the Company during the year and until the date of this report is in compliance with Section 123 of the Act.
- (c) The Board of Directors of the Company have proposed final dividend for the year in accordance with Section 123 of the Act which is subject to the approval of the members at the ensuing Annual General Meeting.

- (vi) According to the information and explanations given to us and based on our examination which included appropriate test checks, we report that the company has used accounting software for maintaining its books of account which has the feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, we did not come across any instance of tampering of the audit trail feature during the course of our audit and the audit trail has been preserved by the Company as per the statutory requirements for record retention.

For **G. D. Apte & Co.**

Chartered Accountants

Firm Registration Number: 100515W

UDIN: 25121007BMITBF6630

**Anagha M. Nanivadekar**

Partner

Membership Number: 121007

Pune, May 14, 2025





## Annexure “A” to Independent Auditors’ Report (Referred to in paragraph 1 under the heading ‘Report on Other Legal and Regulatory Requirements’ section of our Report to the Members of Kirloskar Oil Engines Limited of even date)

- (i) (a) (A) The Company has maintained proper records showing full particulars including quantitative details and situation of property, plant and equipment including right of use assets.
- (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 equipment according to which the physical verification is carried out once in a period of three years. In accordance with this programme, property, plant and equipment were verified during the year 2024-25 and no material discrepancies were noticed on such verification. In our opinion, the 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 disclosed in the Standalone Financial Statements were held in the name of the Company. Further, the lease agreements where the Company is a lessee have been duly executed.
- (d) During the year, the Company has not revalued its property, plant and equipment, right of use assets and intangible assets.
- (e) According to the information and explanations given to us, 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) The physical verification of inventory has been conducted at reasonable intervals by the Management. In our opinion, the procedures for verification of inventory and the coverage of verification were appropriate. The discrepancies noticed for each class of inventories were insignificant and not 10% or more in aggregate for each class of inventory, which have been properly dealt with in the books of account. In respect of inventories lying with third parties, the Company has obtained confirmation letters to cover the significant value.
- (b) During the year, the Company has availed working capital limits from banks in excess of ₹ 5 Crores on the basis of security of current assets. On the basis of audit procedures carried out by us we report that there were no discrepancies in the quarterly statements filed with banks and the books of account of the Company.
- (iii) (a) During the year the Company has not given any loans, advance in the nature of loan, provided any guarantee or given any security to its subsidiaries, joint ventures, other companies, firms, Limited Liability Partnerships or any other parties.
- (b) In our opinion, the terms and conditions of investments made during the year are not prejudicial to the interest of the Company.
- (c) In respect of loans, the schedule of repayment of principal and payment of interest has been stipulated and the repayments are regular.
- (d) There are no amounts of principal and interest which are overdue as at March 31, 2025.
- (e) According to the information and explanations provided to us and based on the audit procedures carried out by us we report that no loan which has fallen due during the year has been renewed or extended. We further report that no fresh loans have been granted to settle the overdues of existing loans given to the same parties.
- (f) The Company has not granted any loans either repayable on demand or without specifying any terms or period of repayment.
- (iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, guarantees and security provided by it, as applicable.
- (v) The Company has not accepted any deposits or amounts which are deemed deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under. 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) Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) (a) The Company is generally regular in depositing the undisputed statutory dues, including goods and services tax, provident fund, employees’ state insurance, income tax, sales tax, service tax, duty of

customs, duty of excise, value added tax, cess, and other material statutory dues, as applicable, with the appropriate authorities. According to the information and explanations given to us and based on the audit procedures carried out by us, no undisputed amounts payable in respect of statutory dues were in arrears as at March 31, 2025 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 goods and services tax, provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues which have not been deposited on account of any dispute except for following cases:

| Name of the Statute                     | Nature of Dispute                                                                 | Amount under dispute not deposited *<br>(₹ in Crores) | Period to which amount is related                                                              | Forum where the dispute is pending                                                                                                                                                                                                                                                                                  |
|-----------------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------------------|------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Income Tax Act, 1961                    | Disallowances and demands during the course of assessment                         | 106.76                                                | Assessment Years:<br>1997-98<br>1998-99<br>2008-09<br>2009-10<br>2010-11<br>2011-12<br>2012-13 | Bombay High Court<br>As informed to us, though the demands have been dropped by the assessing officers in view of favourable decisions of ITAT, the Income Tax Department has since preferred appeal in the High Court. However, the High Court has not directed the company to deposit any amount in this respect. |
|                                         |                                                                                   | 12.66                                                 | AY 2018-19                                                                                     | Commissioner of Income Tax (Appeals)                                                                                                                                                                                                                                                                                |
|                                         |                                                                                   | 11.89                                                 | AY 2020-21                                                                                     | Commissioner of Income Tax (Appeals)                                                                                                                                                                                                                                                                                |
|                                         |                                                                                   | 9.77                                                  | AY 2022-23                                                                                     | Commissioner of Income Tax (Appeals)                                                                                                                                                                                                                                                                                |
|                                         |                                                                                   | 12.93                                                 | AY 2023-24                                                                                     | Commissioner of Income Tax (Appeals)                                                                                                                                                                                                                                                                                |
| State Sales Tax Legislations            | Non- submission of forms and Other Demands                                        | 0.70                                                  | 2004-2005<br>2007-2008                                                                         | High Court of Madhya Pradesh<br>Bombay High Court<br>Karnataka High Court                                                                                                                                                                                                                                           |
|                                         | Non-receipt of forms and disallowance of credits                                  | 0.37                                                  | 2004-2005<br>2007-2009<br>2015-2016                                                            | Joint/ Additional/ Commissioner (Appeals)                                                                                                                                                                                                                                                                           |
|                                         |                                                                                   | 0.51                                                  | 2017-18,<br>2018-19,<br>2019-20                                                                | Additional Commissioner of GST & Central Excise (Appeals)                                                                                                                                                                                                                                                           |
| Goods and Services Tax (GST)            | Disallowance of Input Tax Credit                                                  | 1.97                                                  | 2017-21                                                                                        | Joint Commissioner (Corporate Circle) State Tax, Lucknow, Zone II, Lucknow                                                                                                                                                                                                                                          |
|                                         |                                                                                   | 0.29                                                  | 2018-19                                                                                        | Assistant Commissioner of GST & Central Excise, Annan Nagar, Chennai -40                                                                                                                                                                                                                                            |
|                                         |                                                                                   | 1.55                                                  | 2019-23                                                                                        | Commercial Tax Officer, Tamil Nadu                                                                                                                                                                                                                                                                                  |
|                                         |                                                                                   | 0.51                                                  | 2020-21                                                                                        | Deputy Commissioner, DGSTO-1, Bengaluru, Karnataka                                                                                                                                                                                                                                                                  |
|                                         |                                                                                   | 8.05                                                  | 2018-21                                                                                        | Deputy Commissioner of State Tax, Pune                                                                                                                                                                                                                                                                              |
|                                         | TRAN-1 Credit disallowance                                                        | 35.96                                                 | June 2016 to August 2017                                                                       | Commissioner (Appeals), CGST, Pune-II                                                                                                                                                                                                                                                                               |
| Customs Act, 1962                       | Levy of Differential Customs Duty                                                 | 0.00**                                                | 2017-18                                                                                        | Commissioner (Appeals)                                                                                                                                                                                                                                                                                              |
|                                         |                                                                                   | 11.20                                                 | 2020-21                                                                                        | Custom, Excise and Service Tax Appellate Tribunal (CESTAT)                                                                                                                                                                                                                                                          |
| Finance Act, 1994                       | Disallowance of Credit                                                            | 0.03                                                  | 2007-2010                                                                                      | Bombay High Court                                                                                                                                                                                                                                                                                                   |
|                                         |                                                                                   | 0.79                                                  | 2006-2007<br>2013-2017                                                                         | Custom, Excise and Service Tax Appellate Tribunal (CESTAT)                                                                                                                                                                                                                                                          |
|                                         |                                                                                   | 41.16                                                 | 1992-2002<br>2004-2017                                                                         | Custom, Excise and Service Tax Appellate Tribunal (CESTAT)                                                                                                                                                                                                                                                          |
| Central Excise Act, 1944                | Excise duty on government incentives, Valuation and disallowance of CENVAT credit |                                                       |                                                                                                |                                                                                                                                                                                                                                                                                                                     |
| Maharashtra Stamp Act, 1958, as amended | Stamp Duty                                                                        | 7.47                                                  | Assessed during<br>2015-16                                                                     | Chief Controlling Revenue Authority                                                                                                                                                                                                                                                                                 |

\* Amounts are net of pre-deposit, paid under protest.

\*\*Balances with values below the rounding off norm adopted by the Company have been reflected as "0.00"

- (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) (a) The Company has not defaulted in repayment of loans or other borrowings including interest thereon from banks.
- (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 the Company has not been declared to be a wilful defaulter by any bank.
- (c) 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 term loans were applied for the purposes for which the loans were obtained.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the Standalone Financial Statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or joint venture.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries or joint venture.
- (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) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year.
- (xi) (a) Based on the audit procedures performed for the purpose of reporting the true and fair view of the Standalone Financial Statements and as per the information and explanations given by the Management, we report that no fraud by the Company or no 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) According to the information and explanations given to us and procedures performed by us, we report that no whistle-blower complaints were received during the year by the Company.
- (xii) 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 Standalone Financial Statements.
- (xiv) (a) In our opinion, the internal audit system of the Company is commensurate with the size and nature of its business.
- (b) The reports of the Internal Auditors for the year under audit have been considered by us.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with any of the directors or persons connected with him. Accordingly, the provisions of clause (xv) of the Order are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934). Accordingly, the provisions of clause (xvi) (a) of the Order are not applicable to the Company.
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities during the year.
- (c) The Company would not be classified as a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.
- (d) According to the information and explanation given to us, the Group has two Core Investment Companies as defined in Core Investment Companies (Reserve Bank) Directions, 2016.
- (xvii) On the basis of examination of books of account and records of the Company and overall examination of the Standalone Financial Statements, we report that the Company has not incurred cash losses in the financial year 2024-25 or in the immediately preceding financial year 2023-24.
- (xviii) During the year, there is no resignation by the statutory auditors of the Company.



(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the Standalone 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) On the basis of examination of books of account and records of the Company, we report that there is no unspent amount in respect of Corporate Social Responsibility which was due for transfer during the year to a Fund specified in Schedule VII to the Act or to special account in compliance with provision of sub section (6) of section 135 of the said Act.

For **G. D. Apte & Co.**

Chartered Accountants

Firm Registration Number: 100515W

UDIN: 25121007BMITBF6630

**Anagha M. Nanivadekar**

Partner

Membership Number: 121007

Pune, May 14, 2025



## 'Annexure B' to the Independent Auditor's Report of even date on the Standalone Financial Statements of Kirloskar Oil Engines Limited.

**Report on the Internal Financial Controls with reference to Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to the Standalone Financial Statements of Kirloskar Oil Engines Limited ("the company") as of March 31, 2025 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 company's Management 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 (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 company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls with reference to Standalone Financial Statements 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") and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to Standalone Financial Statements, both issued by the Institute of Chartered Accountants of India. 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 with reference to Standalone Financial Statements were 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 internal financial controls with reference to Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Standalone Financial Statements included obtaining an understanding of such internal financial controls, 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 Standalone Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to Standalone Financial Statements.

### Meaning of Internal Financial Controls over financial reporting with reference to Standalone Financial Statements

A company's internal financial control over financial reporting with reference to Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to Standalone Financial Statements includes those policies and procedures that (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Financial Statements.

**Inherent Limitations of Internal Financial Controls over financial reporting with reference to Standalone Financial Statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to Standalone Financial Statements, 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 with reference to Standalone Financial Statements to future periods are subject to the risk that the internal financial controls over financial reporting with reference to Standalone Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **G. D. Apte & Co.**

Chartered Accountants

Firm Registration Number: 100515W

UDIN: 25121007BMITBF6630

**Anagha M. Nanivadekar**

Partner

Membership Number: 121007

Pune, May 14, 2025

**Opinion**

In our opinion, the company has, in all material respects, adequate internal financial controls with reference to Standalone Financial Statements and such internal financial controls were operating effectively as at March 31, 2025, 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.





# Balance Sheet

as at 31 March 2025

₹ in Crores

| Particulars                                                                               | Note No. | As at<br>31 March 2025 | As at<br>31 March 2024 |
|-------------------------------------------------------------------------------------------|----------|------------------------|------------------------|
| <b>Assets</b>                                                                             |          |                        |                        |
| <b>I. Non-current assets</b>                                                              |          |                        |                        |
| (a) Property, plant and equipment                                                         | 1a       | 622.53                 | 395.25                 |
| (b) Capital work-in-progress                                                              | 1a       | 69.34                  | 202.28                 |
| (c) Right-of-use assets                                                                   | 1b       | 56.00                  | 12.86                  |
| (d) Other intangible assets                                                               | 2        | 132.85                 | 82.73                  |
| (e) Intangible assets under development                                                   | 2        | 26.40                  | 40.29                  |
| (f) Financial assets                                                                      |          |                        |                        |
| (i) Investments                                                                           | 3        | 1,500.05               | 1,487.86               |
| (ii) Loans                                                                                | 4        | 0.01                   | 0.03                   |
| (iii) Other financial assets                                                              | 5        | 25.45                  | 14.42                  |
| (g) Income tax assets (net)                                                               | 6        | 23.02                  | 21.84                  |
| (h) Other non-current assets                                                              | 7        | 21.70                  | 5.67                   |
| <b>Total Non-current assets</b>                                                           |          | <b>2,477.35</b>        | <b>2,263.23</b>        |
| <b>II. Current assets</b>                                                                 |          |                        |                        |
| (a) Inventories                                                                           | 8        | 493.12                 | 523.51                 |
| (b) Financial assets                                                                      |          |                        |                        |
| (i) Investments                                                                           | 9        | 287.23                 | 388.34                 |
| (ii) Trade receivables                                                                    | 10       | 651.07                 | 568.44                 |
| (iii) Cash and cash equivalents                                                           | 11a      | 73.18                  | 89.57                  |
| (iv) Bank balance other than (iii) above                                                  | 11b      | 233.00                 | 8.43                   |
| (v) Loans                                                                                 | 12       | 0.02                   | 10.75                  |
| (vi) Other financial assets                                                               | 13       | 20.07                  | 33.72                  |
| (c) Assets held for sale                                                                  | 14       | -                      | -                      |
| (d) Other current assets                                                                  | 15       | 72.46                  | 35.08                  |
| <b>Total Current assets</b>                                                               |          | <b>1,830.15</b>        | <b>1,657.84</b>        |
| <b>Total Assets</b>                                                                       |          | <b>4,307.50</b>        | <b>3,921.07</b>        |
| <b>Equity and Liabilities</b>                                                             |          |                        |                        |
| <b>Equity</b>                                                                             |          |                        |                        |
| (a) Equity share capital                                                                  | 16       | 29.04                  | 28.99                  |
| (b) Other equity                                                                          | 17       | 2,946.59               | 2,593.70               |
| <b>Total Equity</b>                                                                       |          | <b>2,975.63</b>        | <b>2,622.69</b>        |
| <b>Liabilities</b>                                                                        |          |                        |                        |
| <b>I. Non-current liabilities</b>                                                         |          |                        |                        |
| (a) Financial liabilities                                                                 |          |                        |                        |
| (i) Borrowings                                                                            | 18       | 49.13                  | 67.21                  |
| (ii) Lease liabilities                                                                    | 19       | 28.11                  | 0.07                   |
| (iii) Other financial liabilities                                                         | 20       | 14.06                  | 16.27                  |
| (b) Provisions                                                                            | 21       | 41.26                  | 38.37                  |
| (c) Deferred tax liabilities (net)                                                        | 22       | 25.02                  | 9.95                   |
| (d) Other non-current liabilities                                                         | 23       | 82.44                  | 21.69                  |
| <b>Total Non-current liabilities</b>                                                      |          | <b>240.02</b>          | <b>153.56</b>          |
| <b>II. Current liabilities</b>                                                            |          |                        |                        |
| (a) Financial liabilities                                                                 |          |                        |                        |
| (i) Borrowings                                                                            | 24       | 80.29                  | 141.92                 |
| (ii) Lease liabilities                                                                    | 25       | 17.05                  | 2.44                   |
| (iii) Trade and other payables                                                            | 26       |                        |                        |
| a) total outstanding dues of micro enterprises and small enterprises                      |          | 87.78                  | 111.36                 |
| b) total outstanding dues of creditors other than micro enterprises and small enterprises |          | 562.86                 | 616.04                 |
| (iv) Other financial liabilities                                                          | 27       | 113.37                 | 107.40                 |
| (b) Other current liabilities                                                             | 28       | 120.52                 | 74.42                  |
| (c) Provisions                                                                            | 29       | 109.98                 | 91.24                  |
| <b>Total Current liabilities</b>                                                          |          | <b>1,091.85</b>        | <b>1,144.82</b>        |
| <b>Total Equity and Liabilities</b>                                                       |          | <b>4,307.50</b>        | <b>3,921.07</b>        |
| Material accounting policies                                                              | 41       |                        |                        |
| The accompanying notes are an integral part of the financial statements.                  |          |                        |                        |

As per our attached report of even date

For and on behalf of the **Board of Directors**For **G. D. APTE & CO.**

Chartered Accountants

Firm Registration Number : 100515W

**ATUL KIRLOSKAR**

Non-Executive Director

DIN: 00007387

**GAURI KIRLOSKAR**

Managing Director

DIN: 03366274

**ANAGHA M. NANIVADEKAR**

Partner

Membership Number : 121007

Pune: 14 May 2025

**RAHUL SAHAJ**

Chief Executive Officer

**SACHIN KEJRIWAL**

Chief Financial Officer

ACA :66309

**FARAH IRANI**

Company Secretary

ACS: 21182

Pune: 14 May 2025

# Statement of Profit and Loss

for the year ended 31 March 2025

₹ in Crores

| Particulars                                                                                                                | Note No. | 2024-2025       | 2023-2024       |
|----------------------------------------------------------------------------------------------------------------------------|----------|-----------------|-----------------|
| <b>Income</b>                                                                                                              |          |                 |                 |
| Revenue from operations                                                                                                    | 30       | 5,113.33        | 4,850.54        |
| Other income                                                                                                               | 31       | 34.41           | 24.84           |
| <b>Total Income</b>                                                                                                        |          | <b>5,147.74</b> | <b>4,875.38</b> |
| <b>Expenses</b>                                                                                                            |          |                 |                 |
| Cost of raw materials and components consumed                                                                              | 32       | 2,534.04        | 2,411.89        |
| Purchase of traded goods                                                                                                   | 33       | 770.34          | 820.32          |
| Changes in inventories of finished goods, work-in-progress and traded goods                                                | 34       | 32.43           | 11.71           |
| Employee benefits expense                                                                                                  | 35       | 344.13          | 304.32          |
| Finance costs                                                                                                              | 36       | 12.11           | 7.78            |
| Depreciation and amortisation expense                                                                                      | 37       | 117.00          | 97.01           |
| Other expenses                                                                                                             | 38       | 795.55          | 756.08          |
| Expense capitalised                                                                                                        |          | (16.90)         | (20.57)         |
| <b>Total Expenses</b>                                                                                                      |          | <b>4,588.70</b> | <b>4,388.54</b> |
| <b>Profit before exceptional items and tax</b>                                                                             |          | <b>559.04</b>   | <b>486.84</b>   |
| Exceptional items [income/(expenses)]                                                                                      | 39       | 20.90           | -               |
| <b>Profit before tax</b>                                                                                                   |          | <b>579.94</b>   | <b>486.84</b>   |
| <b>Tax expense</b>                                                                                                         |          |                 |                 |
| Current tax                                                                                                                | 40       | 131.86          | 120.50          |
| Deferred tax                                                                                                               | 40       | 16.15           | 4.71            |
| <b>Total Tax expense</b>                                                                                                   |          | <b>148.01</b>   | <b>125.21</b>   |
| <b>Profit for the year</b>                                                                                                 |          | <b>431.93</b>   | <b>361.63</b>   |
| <b>Other comprehensive income/(loss)</b>                                                                                   |          |                 |                 |
| <b>Items that will not be reclassified to profit or loss in subsequent periods</b>                                         |          |                 |                 |
| Re-measurement gain / (loss) on defined benefit plans                                                                      |          | (3.95)          | (3.61)          |
| Income tax (expenses)/income on above                                                                                      |          | 1.00            | 0.90            |
| <b>Subtotal (A)</b>                                                                                                        |          | <b>(2.95)</b>   | <b>(2.71)</b>   |
| Net gain / (loss) on equity instruments measured at fair value through other comprehensive income                          |          | (0.20)          | 0.10            |
| Income tax (expenses)/income on above                                                                                      |          | 0.08            | (0.02)          |
| <b>Subtotal (B)</b>                                                                                                        |          | <b>(0.12)</b>   | <b>0.08</b>     |
| <b>Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods (A + B)</b> |          | <b>(3.07)</b>   | <b>(2.63)</b>   |
| <b>Total other comprehensive income/(loss) for the year, net of tax [A + B]</b>                                            |          | <b>(3.07)</b>   | <b>(2.63)</b>   |
| <b>Total comprehensive income/(loss) for the year</b>                                                                      |          | <b>428.86</b>   | <b>359.00</b>   |
| <b>Earnings per equity share [nominal value per share ₹ 2/- (31 March 2024: ₹ 2/-)]</b>                                    |          |                 |                 |
| Basic                                                                                                                      |          | 29.77           | 24.96           |
| Diluted                                                                                                                    |          | 29.71           | 24.89           |
| Material accounting policies                                                                                               | 41       |                 |                 |
| The accompanying notes are an integral part of the financial statements.                                                   |          |                 |                 |

As per our attached report of even date

For and on behalf of the **Board of Directors**

For **G. D. APTE & CO.**  
Chartered Accountants  
Firm Registration Number : 100515W

**ATUL KIRLOSKAR**  
Non-Executive Director  
DIN: 00007387

**GAURI KIRLOSKAR**  
Managing Director  
DIN:03366274

**ANAGHA M. NANIVADEKAR**  
Partner  
Membership Number : 121007  
Pune: 14 May 2025

**RAHUL SAHAI**  
Chief Executive Officer

**SACHIN KEJRIWAL**  
Chief Financial Officer  
ACA :66309

**FARAH IRANI**  
Company Secretary  
ACS: 21182  
Pune: 14 May 2025

# Statement of Cash Flow

for the year ended 31 March 2025

₹ in Crores

| Particulars                                                                                         | 2024-25         | 2023-24         |
|-----------------------------------------------------------------------------------------------------|-----------------|-----------------|
| <b>Cash Flow from Operating Activities</b>                                                          |                 |                 |
| <b>Profit before tax</b>                                                                            | <b>579.94</b>   | <b>486.84</b>   |
| <b>Adjustments:</b>                                                                                 |                 |                 |
| <b>Add:</b>                                                                                         |                 |                 |
| Depreciation and amortisation expense                                                               | 117.00          | 97.01           |
| Finance costs                                                                                       | 12.11           | 7.78            |
| Share based compensation of employees                                                               | 8.22            | 1.79            |
| Bad debts and irrecoverable balances written off                                                    | 0.16            | 9.52            |
| Write down / (reversal) in write down of inventories and others                                     | 25.92           | 10.64           |
| (Gain)/Loss on reinstatement on receivables/payables                                                | 1.38            | (0.78)          |
|                                                                                                     | <b>164.79</b>   | <b>125.96</b>   |
| <b>Less :</b>                                                                                       |                 |                 |
| Gain/ (Loss) on fair valuation of derivative instruments                                            | 1.74            | (2.36)          |
| Gain on sale of aircraft (Refer Note 39)                                                            | 20.90           | -               |
| Gain/(Loss) on sale of investments in mutual funds measured at FVTPL (net)                          | 19.30           | 13.07           |
| Gain/ (Loss) on fair valuation of investments in Mutual Funds measured at FVTPL (net)               | 4.96            | 4.54            |
| Provisions no longer required written back                                                          | 0.90            | 4.26            |
| Impairment loss allowance, write off on trade receivables / other receivables (net)                 | 34.99           | (0.18)          |
| Interest income                                                                                     | 8.77            | 6.23            |
| Unwinding of subsidy receivable under Package Scheme of Incentives (PSI), 2001 and security deposit | 0.47            | 0.18            |
| Gain/ (Loss) on disposal of property, plant and equipment (net)                                     | 2.26            | 0.42            |
| Sundry credit balances written back                                                                 | 0.62            | 0.19            |
| Dividend income                                                                                     | 0.00            | 0.00            |
|                                                                                                     | <b>94.91</b>    | <b>26.35</b>    |
| <b>Operating profit before working capital changes</b>                                              | <b>649.82</b>   | <b>586.45</b>   |
| <b>Working Capital Adjustments</b>                                                                  |                 |                 |
| (Increase)/Decrease in government grant receivables                                                 | 7.14            | 0.93            |
| (Increase)/Decrease in trade and other receivables                                                  | 19.79           | (104.39)        |
| (Increase)/Decrease in inventories                                                                  | 6.87            | (65.69)         |
| Increase/(Decrease) in trade and other payables                                                     | (78.68)         | 120.95          |
| Increase/(Decrease) in provisions                                                                   | 17.85           | 4.07            |
|                                                                                                     | <b>(27.03)</b>  | <b>(44.13)</b>  |
| <b>Net cash generated from operations</b>                                                           | <b>622.79</b>   | <b>542.32</b>   |
| Income tax paid (net of refunds)                                                                    | (133.05)        | (108.43)        |
| <b>Net cash flow generated from Operating Activities (A)</b>                                        | <b>489.74</b>   | <b>433.89</b>   |
| <b>Cash Flow from Investing Activities</b>                                                          |                 |                 |
| Investment in subsidiaries                                                                          | (20.88)         | (56.90)         |
| Purchase of property, plant and equipment (PPE) and intangible assets                               | (244.47)        | (276.49)        |
| (Purchase)/ Proceeds from sale of mutual funds (net)                                                | 133.87          | (109.09)        |
| Proceeds from sale of PPE & other intangible assets including advances                              | 25.10           | 0.79            |
| Fixed deposits placed                                                                               | (225.76)        | 0.13            |
| Loans repaid by subsidiaries                                                                        | 10.75           | 19.14           |
| Dividend received                                                                                   | 0.00            | 0.00            |
| Interest received                                                                                   | 7.93            | 4.22            |
| <b>Net Cash (used in ) Investing Activities (B)</b>                                                 | <b>(313.46)</b> | <b>(418.20)</b> |

# Statement of Cash Flow

for the year ended 31 March 2025

₹ in Crores

| Particulars                                                          | 2024-25         | 2023-24      |
|----------------------------------------------------------------------|-----------------|--------------|
| <b>Cash Flow from Financing Activities</b>                           |                 |              |
| Proceeds from bill discounting & borrowings                          | 137.29          | 111.75       |
| (Repayment) of bill discounting & borrowings                         | (198.92)        | (75.14)      |
| Proceeds from long term borrowings                                   | 11.91           | 107.21       |
| (Repayment) of long term borrowings                                  | (30.00)         | (10.00)      |
| Final and interim dividend paid                                      | (87.07)         | (72.44)      |
| Finance costs                                                        | (14.72)         | (10.68)      |
| Payment for lease liabilities including initial cost                 | (13.84)         | (3.16)       |
| Proceeds from issuance of share capital including securities premium | 2.35            | 2.09         |
| Receipt of share application money pending allotment of shares       | 0.33            | 0.34         |
| <b>Net Cash generated from/(used in) Financing Activities (C)</b>    | <b>(192.67)</b> | <b>49.97</b> |
| <b>Net increase/(decrease) in Cash and cash equivalents (A+B+C)</b>  | <b>(16.39)</b>  | <b>65.66</b> |
| Opening Cash and cash equivalents                                    | 89.57           | 23.91        |
| <b>Closing Cash and cash equivalents (Refer Note 11a)</b>            | <b>73.18</b>    | <b>89.57</b> |

## Notes

- The above cashflow statement have been prepared under the indirect method as set out in the Indian Accounting Standard Ind AS 7, 'Statement of Cash Flow' as specified in the Companies (Indian Accounting Standards) Rules, 2015.
- Income Tax paid is treated as arising from operating activities and are not bifurcated between investment and financing activities.
- All figures in bracket indicate cash outflow.

As per our attached report of even date

For and on behalf of the **Board of Directors**For **G. D. APTE & CO.**

Chartered Accountants

Firm Registration Number : 100515W

**ATUL KIRLOSKAR**

Non-Executive Director

DIN: 00007387

**GAURI KIRLOSKAR**

Managing Director

DIN:03366274

**ANAGHA M. NANIVADEKAR**

Partner

Membership Number : 121007

Pune: 14 May 2025

**RAHUL SAHAI**

Chief Executive Officer

**SACHIN KEJRIWAL**

Chief Financial Officer

ACA :66309

**FARAH IRANI**

Company Secretary

ACS: 21182

Pune: 14 May 2025



# Statement of Changes in Equity

for the year ended 31 March 2025

## A. Equity share capital (Refer Note 16)

Equity shares of ₹ 2 each issued, subscribed and fully paid

| Particulars                                | No. of shares       | Amount       |
|--------------------------------------------|---------------------|--------------|
| <b>As at 1 April 2023</b>                  | <b>14,47,44,102</b> | <b>28.95</b> |
| Changes due to prior period errors         | -                   | -            |
| <b>Restated balance as at 1 April 2023</b> | <b>14,47,44,102</b> | <b>28.95</b> |
| Issue/(Reduction), if any during the year  | 2,12,169            | 0.04         |
| <b>As at 31 March 2024</b>                 | <b>14,49,56,271</b> | <b>28.99</b> |
| Changes due to prior period errors         | -                   | -            |
| <b>Restated balance as at 1 April 2024</b> | <b>14,49,56,271</b> | <b>28.99</b> |
| Issue/(Reduction), if any during the year  | 2,23,418            | 0.05         |
| <b>As at 31 March 2025</b>                 | <b>14,51,79,689</b> | <b>29.04</b> |

## B. Other equity (Refer Note 17)

| Particulars                                                 | Share application money pending allotment | Reserves and Surplus       |                    |                 |                   | Items of OCI                  |                                                       | Total           |
|-------------------------------------------------------------|-------------------------------------------|----------------------------|--------------------|-----------------|-------------------|-------------------------------|-------------------------------------------------------|-----------------|
|                                                             |                                           | Capital redemption reserve | Securities premium | General reserve | Retained earnings | Employee stock option reserve | Equity instruments through other comprehensive income |                 |
| As at 1 April 2023                                          | 0.07                                      | 0.20                       | 2.34               | 608.51          | 1,687.15          | 4.21                          | 0.41                                                  | 2,302.89        |
| Changes in accounting policy or prior period errors         | -                                         | -                          | -                  | -               | -                 | -                             | -                                                     | -               |
| <b>Restated balance as at 1 April 2023</b>                  | <b>0.07</b>                               | <b>0.20</b>                | <b>2.34</b>        | <b>608.51</b>   | <b>1,687.15</b>   | <b>4.21</b>                   | <b>0.41</b>                                           | <b>2,302.89</b> |
| Profit for the year                                         | -                                         | -                          | -                  | -               | 361.63            | -                             | -                                                     | 361.63          |
| Other comprehensive income/(loss) for the year (net of tax) | -                                         | -                          | -                  | -               | (2.71)            | -                             | 0.08                                                  | (2.63)          |
| <b>Total comprehensive income/(loss) for the year</b>       | <b>-</b>                                  | <b>-</b>                   | <b>-</b>           | <b>-</b>        | <b>358.92</b>     | <b>-</b>                      | <b>0.08</b>                                           | <b>359.00</b>   |
| Shares issued during the year                               | (0.04)                                    | -                          | -                  | -               | -                 | -                             | -                                                     | (0.04)          |
| Transferred to Securities premium                           | (2.05)                                    | -                          | 2.05               | -               | -                 | (1.62)                        | -                                                     | (1.62)          |
| Share based payment expense                                 | -                                         | -                          | -                  | -               | -                 | 1.79                          | -                                                     | 1.79            |
| Transfer on account of employee stock options not exercised | -                                         | -                          | 1.62               | 0.20            | -                 | (0.20)                        | -                                                     | 1.62            |
| Options cancelled                                           | (0.01)                                    | -                          | -                  | -               | -                 | -                             | -                                                     | (0.01)          |
| ESOP charge recovered from the subsidiary company           | -                                         | -                          | -                  | -               | -                 | 0.07                          | -                                                     | 0.07            |
| Final dividend for year ended 31 March 2023                 | -                                         | -                          | -                  | -               | (36.21)           | -                             | -                                                     | (36.21)         |
| Interim dividend for year ended 31 March 2024               | -                                         | -                          | -                  | -               | (36.23)           | -                             | -                                                     | (36.23)         |
| Amount received on exercise of employee stock option        | 2.44                                      | -                          | -                  | -               | -                 | -                             | -                                                     | 2.44            |
| <b>As at 31 March 2024</b>                                  | <b>0.41</b>                               | <b>0.20</b>                | <b>6.01</b>        | <b>608.71</b>   | <b>1,973.63</b>   | <b>4.25</b>                   | <b>0.49</b>                                           | <b>2,593.70</b> |

# Statement of Changes in Equity

for the year ended 31 March 2025

## B. Other equity (Refer Note 17) (Contd..)

| Particulars                                                 | Share application money pending allotment | Reserves and Surplus       |                    |                 |                   | Items of OCI                                          | Total           |
|-------------------------------------------------------------|-------------------------------------------|----------------------------|--------------------|-----------------|-------------------|-------------------------------------------------------|-----------------|
|                                                             |                                           | Capital redemption reserve | Securities premium | General reserve | Retained earnings | Equity instruments through other comprehensive income |                 |
| As at 1 April 2024                                          | 0.41                                      | 0.20                       | 6.01               | 608.71          | 1,973.63          | 0.49                                                  | 2,593.70        |
| Changes in accounting policy or prior period errors         | -                                         | -                          | -                  | -               | -                 | -                                                     | -               |
| <b>Restated balance as at 1 April 2024</b>                  | <b>0.41</b>                               | <b>0.20</b>                | <b>6.01</b>        | <b>608.71</b>   | <b>1,973.63</b>   | <b>0.49</b>                                           | <b>2,593.70</b> |
| Profit for the year                                         | -                                         | -                          | -                  | -               | 431.93            | -                                                     | 431.93          |
| Other comprehensive income/(loss) for the year (net of tax) | -                                         | -                          | -                  | -               | (2.96)            | (0.12)                                                | (3.07)          |
| <b>Total comprehensive income/(loss) for the year</b>       | <b>-</b>                                  | <b>-</b>                   | <b>-</b>           | <b>-</b>        | <b>428.98</b>     | <b>(0.12)</b>                                         | <b>428.86</b>   |
| Shares issued during the year                               | (0.05)                                    | -                          | 4.96               | -               | -                 | -                                                     | 4.91            |
| Transferred to Securities premium                           | (2.72)                                    | -                          | -                  | -               | -                 | (2.24)                                                | (4.96)          |
| Share based payment expense                                 | -                                         | -                          | -                  | -               | -                 | 8.22                                                  | 8.22            |
| ESOP charge recovered from the subsidiary company           | -                                         | -                          | -                  | -               | -                 | 0.24                                                  | 0.24            |
| Transfer on account of employee stock options not exercised | -                                         | -                          | ×                  | 0.19            | -                 | (0.19)                                                | -               |
| Final dividend for year ended 31 March 2024                 | -                                         | -                          | -                  | -               | (50.78)           | -                                                     | (50.78)         |
| Interim dividend for year ended 31 March 2025               | -                                         | -                          | -                  | -               | (36.29)           | -                                                     | (36.29)         |
| Amount received on exercise of employee stock option        | 2.69                                      | -                          | -                  | -               | -                 | -                                                     | 2.69            |
| <b>As at 31 March 2025</b>                                  | <b>0.33</b>                               | <b>0.20</b>                | <b>10.97</b>       | <b>608.90</b>   | <b>2,315.54</b>   | <b>0.37</b>                                           | <b>2,946.59</b> |
| Material accounting policies                                | 41                                        |                            |                    |                 |                   |                                                       |                 |

The accompanying notes are an integral part of the financial statements.

As per our attached report of even date

For **G. D. APTE & CO.**

Chartered Accountants

Firm Registration Number : 100515W

**ANAGHA M. NANIVADEKAR**

Partner

Membership Number : 121007

Pune: 14 May 2025

For and on behalf of the **Board of Directors****ATUL KIRLOSKAR**

Non-Executive Director

DIN: 00007387

**RAHUL SAHAI**

Chief Executive Officer

**SACHIN KEJRIWAL**

Chief Financial Officer

ACA :66309

**GAURI KIRLOSKAR**

Managing Director

DIN:03366274

**FARAH IRANI**

Company Secretary

ACS: 21182

Pune: 14 May 2025

# Notes to the Financial Statements

## Note 1a : Property, plant and equipment and Capital work-in-progress

| Particulars                | Buildings     | Plant & Equipment | Furniture & Fixture | Vehicles     | Aircraft     | Office Equipment | Computers    | Electrical Installation | Total           | Capital work-in-progress |
|----------------------------|---------------|-------------------|---------------------|--------------|--------------|------------------|--------------|-------------------------|-----------------|--------------------------|
| <b>Gross Block</b>         |               |                   |                     |              |              |                  |              |                         |                 |                          |
| As at 1 April 2023         | 201.55        | 1,153.25          | 27.90               | 9.61         | 25.88        | 5.25             | 69.02        | 40.51                   | 1,532.97        | 15.82                    |
| Additions                  | 2.61          | 79.09             | 0.74                | 3.11         | 1.57         | 0.31             | 7.24         | 1.35                    | 96.02           | 282.48                   |
| Deductions                 | -             | (6.85)            | (0.83)              | (0.05)       | -            | (0.24)           | (0.66)       | (0.90)                  | (9.53)          | (96.02)                  |
| <b>As at 31 March 2024</b> | <b>204.16</b> | <b>1,225.49</b>   | <b>27.81</b>        | <b>12.67</b> | <b>27.45</b> | <b>5.32</b>      | <b>75.60</b> | <b>40.96</b>            | <b>1,619.46</b> | <b>202.28</b>            |
| Additions                  | 174.55        | 93.38             | 7.90                | 1.23         | -            | 3.09             | 20.68        | 3.81                    | 304.64          | 171.70                   |
| Deductions                 | (0.30)        | (27.57)           | (0.24)              | (0.56)       | (27.45)      | (0.22)           | (20.89)      | (0.19)                  | (77.42)         | (304.64)                 |
| <b>As at 31 March 2025</b> | <b>378.41</b> | <b>1,291.30</b>   | <b>35.47</b>        | <b>13.34</b> | <b>-</b>     | <b>8.19</b>      | <b>75.39</b> | <b>44.58</b>            | <b>1,846.68</b> | <b>69.34</b>             |
| <b>Depreciation</b>        |               |                   |                     |              |              |                  |              |                         |                 |                          |
| Upto 1 April 2023          | 81.46         | 932.14            | 23.40               | 6.80         | 24.61        | 4.67             | 61.32        | 36.21                   | 1,170.61        | -                        |
| For the year               | 6.87          | 48.03             | 1.57                | 1.19         | 0.83         | 0.13             | 3.05         | 1.09                    | 62.76           | -                        |
| Deductions                 | -             | (6.46)            | (0.83)              | (0.05)       | -            | (0.24)           | (0.64)       | (0.94)                  | (9.16)          | -                        |
| <b>As at 31 March 2024</b> | <b>88.33</b>  | <b>973.71</b>     | <b>24.14</b>        | <b>7.94</b>  | <b>25.44</b> | <b>4.56</b>      | <b>63.73</b> | <b>36.36</b>            | <b>1,224.21</b> | <b>-</b>                 |
| For the year               | 8.33          | 55.85             | 1.96                | 1.46         | 0.93         | 0.41             | 5.45         | 1.03                    | 75.42           | -                        |
| Deductions                 | (0.06)        | (26.98)           | (0.24)              | (0.56)       | (26.37)      | (0.22)           | (20.86)      | (0.19)                  | (75.48)         | -                        |
| <b>As at 31 March 2025</b> | <b>96.60</b>  | <b>1,002.58</b>   | <b>25.86</b>        | <b>8.84</b>  | <b>-</b>     | <b>4.75</b>      | <b>48.32</b> | <b>37.20</b>            | <b>1,224.15</b> | <b>-</b>                 |
| <b>Net Block</b>           |               |                   |                     |              |              |                  |              |                         |                 |                          |
| <b>As at 31 March 2024</b> | <b>115.83</b> | <b>251.78</b>     | <b>3.67</b>         | <b>4.73</b>  | <b>2.01</b>  | <b>0.76</b>      | <b>11.87</b> | <b>4.60</b>             | <b>395.25</b>   | <b>202.28</b>            |
| <b>As at 31 March 2025</b> | <b>281.81</b> | <b>288.72</b>     | <b>9.61</b>         | <b>4.50</b>  | <b>-</b>     | <b>3.44</b>      | <b>27.07</b> | <b>7.38</b>             | <b>622.53</b>   | <b>69.34</b>             |

### Notes :

- For depreciation, refer Note 41.4.3 for accounting policy.
- Capital work-in-progress comprises cost of assets that are not yet ready for their intended use at the Balance sheet date. Refer below Note 7 and Note 8 for CWIP ageing schedule and CWIP completion schedule.
- Title deeds in respect of immovable properties are in the name of the Company and are not held jointly.
- There are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988.
- Borrowing cost of ₹ 4.85 Crores (31 March 2024: ₹ 3.16 Crores) capitalised as per Ind AS 23 "Borrowings Cost" on qualifying asset.

# Notes to the Financial Statements

## Note 1a : Property, plant and equipment and Capital work-in-progress (Contd..)

6. Note 1a of Property, plant and equipment includes assets at Research and Development facility, the details of which are as under:

Property, plant and equipment : Research and Development facility (Below figures are included in Note 1a: Property, plant and equipment and Capital work-in-progress)

|                            |             |                   |                     |                  |             |                         | ₹ in Crores   |
|----------------------------|-------------|-------------------|---------------------|------------------|-------------|-------------------------|---------------|
| Particulars                | Buildings   | Plant & Equipment | Furniture & Fixture | Office Equipment | Computers   | Electrical Installation | Total         |
| <b>Gross Block</b>         |             |                   |                     |                  |             |                         |               |
| As at 1 April 2023         | -           | 118.64            | 5.05                | 0.12             | 1.82        | 3.63                    | 129.26        |
| Additions                  | -           | 2.95              | -                   | -                | 1.17        | 0.10                    | 4.22          |
| Inter transfers - net      | -           | (0.04)            | -                   | -                | 0.02        | -                       | (0.02)        |
| Deductions                 | -           | (0.50)            | (0.16)              | (0.07)           | -           | -                       | (0.73)        |
| <b>As at 31 March 2024</b> | <b>-</b>    | <b>121.05</b>     | <b>4.89</b>         | <b>0.05</b>      | <b>3.01</b> | <b>3.73</b>             | <b>132.73</b> |
| Additions                  | 0.42        | 14.73             | -                   | 0.04             | 2.39        | 0.09                    | 17.67         |
| Inter transfers - net      | -           | (0.09)            | -                   | -                | (0.15)      | (0.09)                  | (0.33)        |
| Deductions                 | -           | -                 | -                   | (0.01)           | (0.17)      | -                       | (0.18)        |
| <b>As at 31 March 2025</b> | <b>0.42</b> | <b>135.69</b>     | <b>4.89</b>         | <b>0.08</b>      | <b>5.08</b> | <b>3.73</b>             | <b>149.89</b> |
| <b>Depreciation</b>        |             |                   |                     |                  |             |                         |               |
| Upto 1 April 2023          | -           | 73.77             | 4.22                | 0.10             | 1.63        | 2.90                    | 82.62         |
| For the year               | -           | 7.59              | 0.28                | -                | 0.14        | 0.17                    | 8.18          |
| Inter transfers - net      | -           | (0.04)            | -                   | -                | 0.02        | -                       | (0.02)        |
| Deductions                 | -           | (0.18)            | (0.17)              | (0.05)           | -           | -                       | (0.40)        |
| <b>As at 31 March 2024</b> | <b>-</b>    | <b>81.14</b>      | <b>4.33</b>         | <b>0.05</b>      | <b>1.79</b> | <b>3.07</b>             | <b>90.38</b>  |
| For the year               | 0.00        | 7.58              | 0.28                | -                | 0.57        | 0.17                    | 8.60          |
| Inter transfers - net      | -           | (0.09)            | -                   | -                | (0.15)      | (0.01)                  | (0.25)        |
| Deductions                 | -           | -                 | -                   | (0.01)           | (0.17)      | -                       | (0.18)        |
| <b>As at 31 March 2025</b> | <b>0.00</b> | <b>88.63</b>      | <b>4.61</b>         | <b>0.04</b>      | <b>2.04</b> | <b>3.23</b>             | <b>98.55</b>  |
| <b>Net Block</b>           |             |                   |                     |                  |             |                         |               |
| <b>As at 31 March 2024</b> | <b>-</b>    | <b>39.92</b>      | <b>0.56</b>         | <b>-</b>         | <b>1.22</b> | <b>0.66</b>             | <b>42.35</b>  |
| <b>As at 31 March 2025</b> | <b>0.42</b> | <b>47.06</b>      | <b>0.28</b>         | <b>0.04</b>      | <b>3.04</b> | <b>0.50</b>             | <b>51.34</b>  |

7. Capital work-in-progress ageing schedule for the year ended 31 March 2025 and 31 March 2024 is as follows:

### As at 31 March 2025

|                                |                                |           |           |                   | ₹ in Crores |
|--------------------------------|--------------------------------|-----------|-----------|-------------------|-------------|
| Particulars                    | Amount in CWIP for a period of |           |           |                   | Total       |
|                                | Less than 1 year               | 1-2 years | 2-3 years | More than 3 years |             |
| Projects in progress           | 66.98                          | 2.10      | 0.23      | 0.03              | 69.34       |
| Projects temporarily suspended | -                              | -         | -         | -                 | -           |

### As at 31 March 2024

|                                |                                |           |           |                   | ₹ in Crores |
|--------------------------------|--------------------------------|-----------|-----------|-------------------|-------------|
| Particulars                    | Amount in CWIP for a period of |           |           |                   | Total       |
|                                | Less than 1 year               | 1-2 years | 2-3 years | More than 3 years |             |
| Projects in progress           | 200.95                         | 1.07      | 0.26      | -                 | 202.28      |
| Projects temporarily suspended | -                              | -         | -         | -                 | -           |



## Notes to the Financial Statements

### Note 1a : Property, plant and equipment and Capital work-in-progress (Contd..)

#### 8. Capital work-in progress : Expected completion schedule for projects having time overrun :

As at 31 March 2025

₹ in Crores

| Particulars                 | To be completed in |           |           |                   | Total |
|-----------------------------|--------------------|-----------|-----------|-------------------|-------|
|                             | Less than 1 year   | 1-2 years | 2-3 years | More than 3 years |       |
| <b>Projects in progress</b> |                    |           |           |                   |       |
| New engine development 3    | -                  | -         | -         | -                 | -     |

As at 31 March 2024

₹ in Crores

| Particulars                 | To be completed in |           |           |                   | Total |
|-----------------------------|--------------------|-----------|-----------|-------------------|-------|
|                             | Less than 1 year   | 1-2 years | 2-3 years | More than 3 years |       |
| <b>Projects in progress</b> |                    |           |           |                   |       |
| New engine development 3    | 0.43               | -         | -         | -                 | 0.43  |

### Note 1b : Right-of-use ("ROU") assets

₹ in Crores

| Particulars                        | Category of Right-of-use assets |              |                      | Total        |
|------------------------------------|---------------------------------|--------------|----------------------|--------------|
|                                    | Land                            | Building     | Furniture & Fixtures |              |
| Balance as on 1 April 2023         | 10.68                           | 5.21         | -                    | 15.89        |
| Addition                           | -                               | -            | -                    | -            |
| Deletion                           | -                               | -            | -                    | -            |
| Amortisation                       | (0.14)                          | (2.89)       | -                    | (3.03)       |
| <b>Balance as at 31 March 2024</b> | <b>10.54</b>                    | <b>2.32</b>  | <b>-</b>             | <b>12.86</b> |
| Addition                           | -                               | 54.90        | 0.89                 | 55.79        |
| Deletion                           | -                               | -            | -                    | -            |
| Amortisation                       | (0.14)                          | (12.20)      | (0.31)               | (12.65)      |
| <b>Balance as at 31 March 2025</b> | <b>10.40</b>                    | <b>45.02</b> | <b>0.58</b>          | <b>56.00</b> |

- The aggregate amortisation expense on right-of-use (ROU) assets is included under depreciation and amortisation expense in the Statement of Profit and Loss (Refer Note 37).

### Note 2 : Other intangible assets and Intangible assets under development

₹ in Crores

| Particulars                | Computer Software | Drawings & Designs | Technical Knowhow-Acquired | Technical Knowhow-Internally generated | Total         | Intangible assets under development |
|----------------------------|-------------------|--------------------|----------------------------|----------------------------------------|---------------|-------------------------------------|
| <b>Gross Block</b>         |                   |                    |                            |                                        |               |                                     |
| As at 1 April 2023         | 52.59             | 12.09              | 28.98                      | 99.94                                  | 193.60        | 50.61                               |
| Additions                  | 23.04             | 0.45               | 5.42                       | 38.19                                  | 67.10         | 56.79                               |
| Deductions                 | -                 | -                  | -                          | -                                      | -             | (67.11)                             |
| <b>As at 31 March 2024</b> | <b>75.63</b>      | <b>12.54</b>       | <b>34.40</b>               | <b>138.13</b>                          | <b>260.70</b> | <b>40.29</b>                        |
| Additions                  | 8.44              | -                  | 30.53                      | 40.08                                  | 79.05         | 65.15                               |
| Deductions                 | -                 | -                  | -                          | -                                      | -             | (79.04)                             |
| <b>As at 31 March 2025</b> | <b>84.07</b>      | <b>12.54</b>       | <b>64.93</b>               | <b>178.21</b>                          | <b>339.75</b> | <b>26.40</b>                        |
| <b>Amortisation</b>        |                   |                    |                            |                                        |               |                                     |
| Upto 1 April 2023          | 45.33             | 11.44              | 11.30                      | 78.68                                  | 146.75        | -                                   |
| For the year               | 5.79              | 0.21               | 5.09                       | 20.13                                  | 31.22         | -                                   |
| Deductions                 | -                 | -                  | -                          | -                                      | -             | -                                   |

# Notes to the Financial Statements

## Note 2 : Other intangible assets and Intangible assets under development (Contd..)

₹ in Crores

| Particulars                | Computer Software | Drawings & Designs | Technical Knowhow-Acquired | Technical Knowhow-Internally generated | Total         | Intangible assets under development |
|----------------------------|-------------------|--------------------|----------------------------|----------------------------------------|---------------|-------------------------------------|
| <b>As at 31 March 2024</b> | <b>51.12</b>      | <b>11.65</b>       | <b>16.39</b>               | <b>98.81</b>                           | <b>177.97</b> | <b>-</b>                            |
| For the year               | 7.43              | 0.16               | 6.53                       | 14.81                                  | 28.93         | -                                   |
| Deductions                 | -                 | -                  | -                          | -                                      | -             | -                                   |
| <b>As at 31 March 2025</b> | <b>58.55</b>      | <b>11.81</b>       | <b>22.92</b>               | <b>113.62</b>                          | <b>206.90</b> | <b>-</b>                            |
| <b>Net Block</b>           |                   |                    |                            |                                        |               |                                     |
| <b>As at 31 March 2024</b> | <b>24.51</b>      | <b>0.89</b>        | <b>18.01</b>               | <b>39.32</b>                           | <b>82.73</b>  | <b>40.29</b>                        |
| <b>As at 31 March 2025</b> | <b>25.52</b>      | <b>0.73</b>        | <b>42.01</b>               | <b>64.59</b>                           | <b>132.85</b> | <b>26.40</b>                        |

### Notes :

- For amortisation, refer Note 41.4.4 for accounting policy .
- Intangible assets under development comprise of intangible assets not ready for the intended use on the date of Balance Sheet. Refer below Note 5 and Note 6 for ageing and completion schedule.
- Note 2 of Other intangible assets includes assets at Research and Development facility, the details of which are as under :

### Other intangible assets : Research and Development facility (Below figures are included in Note 2 : Other intangible assets and Intangible assets under development)

₹ in Crores

| Particulars                | Computer Software | Drawings & Designs | Technical Knowhow -Acquired | Technical Knowhow -Internally generated | Total         |
|----------------------------|-------------------|--------------------|-----------------------------|-----------------------------------------|---------------|
| <b>Gross Block</b>         |                   |                    |                             |                                         |               |
| As at 1 April 2023         | 18.38             | 11.39              | 26.74                       | 99.84                                   | 156.35        |
| Additions                  | 23.06             | -                  | 5.42                        | 37.93                                   | 66.41         |
| Deductions                 | -                 | -                  | -                           | -                                       | -             |
| <b>As at 31 March 2024</b> | <b>41.44</b>      | <b>11.39</b>       | <b>32.16</b>                | <b>137.77</b>                           | <b>222.76</b> |
| Additions                  | 6.79              | -                  | 25.70                       | 40.07                                   | 72.56         |
| Deductions                 | -                 | -                  | -                           | -                                       | -             |
| <b>As at 31 March 2025</b> | <b>48.23</b>      | <b>11.39</b>       | <b>57.86</b>                | <b>177.84</b>                           | <b>295.32</b> |
| <b>Amortisation</b>        |                   |                    |                             |                                         |               |
| Upto 1 April 2023          | 15.73             | 10.74              | 9.06                        | 78.63                                   | 114.16        |
| For the year               | 3.96              | 0.16               | 5.09                        | 20.04                                   | 29.25         |
| Deductions                 | -                 | -                  | -                           | -                                       | -             |
| <b>As at 31 March 2024</b> | <b>19.69</b>      | <b>10.90</b>       | <b>14.15</b>                | <b>98.67</b>                            | <b>143.41</b> |
| For the year               | 5.81              | 0.07               | 6.26                        | 14.75                                   | 26.89         |
| Deductions                 | -                 | -                  | -                           | -                                       | -             |
| <b>As at 31 March 2025</b> | <b>25.50</b>      | <b>10.97</b>       | <b>20.41</b>                | <b>113.42</b>                           | <b>170.30</b> |
| <b>Net Block</b>           |                   |                    |                             |                                         |               |
| <b>As at 31 March 2024</b> | <b>21.75</b>      | <b>0.49</b>        | <b>18.01</b>                | <b>39.10</b>                            | <b>79.35</b>  |
| <b>As at 31 March 2025</b> | <b>22.73</b>      | <b>0.42</b>        | <b>37.45</b>                | <b>64.42</b>                            | <b>125.02</b> |

- Intangible assets under development ageing schedule for the year ended 31 March 2025 and 31 March 2024 is as follows:

### As at 31 March 2025

₹ in Crores

| Particulars                    | Amount in Intangible asset under development for a period of |           |           |                   | Total |
|--------------------------------|--------------------------------------------------------------|-----------|-----------|-------------------|-------|
|                                | Less than 1 year                                             | 1-2 years | 2-3 years | More than 3 years |       |
| Projects in progress           | 18.03                                                        | 3.74      | 4.63      | -                 | 26.40 |
| Projects temporarily suspended | -                                                            | -         | -         | -                 | -     |

## Notes to the Financial Statements

### Note 2 : Other intangible assets and Intangible assets under development (Contd..)

As at 31 March 2024

₹ in Crores

| Particulars                    | Amount in CWIP for a period of |           |           |                   | Total        |
|--------------------------------|--------------------------------|-----------|-----------|-------------------|--------------|
|                                | Less than 1 year               | 1-2 years | 2-3 years | More than 3 years |              |
| Projects in progress           | 32.53                          | 4.94      | 2.65      | 0.17              | <b>40.29</b> |
| Projects temporarily suspended | -                              | -         | -         | -                 | -            |

### 5. Intangible assets under development : Expected completion schedule for projects having time overrun :

As at 31 March 2025

₹ in Crores

| Particulars                 | To be completed in |           |           |                   | Total        |
|-----------------------------|--------------------|-----------|-----------|-------------------|--------------|
|                             | Less than 1 year   | 1-2 years | 2-3 years | More than 3 years |              |
| <b>Projects in progress</b> |                    |           |           |                   |              |
| New engine development 3    | 12.65              | -         | -         | -                 | <b>12.65</b> |

As at 31 March 2024

₹ in Crores

| Particulars                 | Amount in CWIP for a period of |           |           |                   | Total       |
|-----------------------------|--------------------------------|-----------|-----------|-------------------|-------------|
|                             | Less than 1 year               | 1-2 years | 2-3 years | More than 3 years |             |
| <b>Projects in progress</b> |                                |           |           |                   |             |
| New engine development 3    | 4.30                           | -         | -         | -                 | <b>4.30</b> |

### Note 3 : Investments (Non-current)

| Particulars                                                                                                      | Par Value / Face Value Per Unit | As at 31 March 2025 |             | As at 31 March 2024 |             |
|------------------------------------------------------------------------------------------------------------------|---------------------------------|---------------------|-------------|---------------------|-------------|
|                                                                                                                  |                                 | Numbers             | ₹ in Crores | Numbers             | ₹ in Crores |
| <b>(i) At cost</b>                                                                                               |                                 |                     |             |                     |             |
| <b>Investment in wholly owned subsidiaries</b>                                                                   |                                 |                     |             |                     |             |
| <b>In unquoted equity instruments (fully paid up)</b>                                                            |                                 |                     |             |                     |             |
| Kirloskar Americas Corporation                                                                                   | 0.001 \$                        | 50                  | 1.59        | 50                  | 1.59        |
| Arka Financial Holdings Private Limited                                                                          | 10 ₹                            | 1,05,26,52,962      | 1,052.65    | 1,05,26,52,962      | 1,052.65    |
| La-Gajjar Machineries Private Limited                                                                            | 10 ₹                            | 10,76,000           | 363.14      | 10,76,000           | 363.14      |
| <b>In unquoted preference shares (fully paid up)</b>                                                             |                                 |                     |             |                     |             |
| 6% optionally convertible redeemable non-cumulative preference shares (OCRNPS) in Kirloskar Americas Corporation | 10 \$                           | 5,00,000            | 41.73       | 2,50,000            | 20.85       |
| <b>(ii) At amortised cost</b>                                                                                    |                                 |                     |             |                     |             |
| <b>Investment in wholly owned subsidiary - Others</b>                                                            |                                 |                     |             |                     |             |
| <b>In unquoted preference shares (fully paid up)</b>                                                             |                                 |                     |             |                     |             |
| 8% cumulative redeemable preference shares in La-Gajjar Machineries Private Limited                              | 10 ₹                            | -                   | -           | 85,00,000           | 8.50        |
| 8.25% cumulative redeemable preference shares in La-Gajjar Machineries Private Limited                           | 10 ₹                            | 4,00,00,000         | 40.00       | 4,00,00,000         | 40.00       |
| <b>(iii) At fair value through other comprehensive income (FVOCI)</b>                                            |                                 |                     |             |                     |             |
| <b>In unquoted equity instruments (fully paid up)</b>                                                            |                                 |                     |             |                     |             |
| Kirloskar Proprietary Limited                                                                                    | 100 ₹                           | 11                  | 0.00        | 11                  | 0.00        |
| S.L.Kirloskar CSR Foundation                                                                                     | 10 ₹                            | 9,800               | 0.01        | 9,800               | 0.01        |
| Kirloskar Management Services Private Limited                                                                    | 10 ₹                            | 4,87,500            | 0.93        | 4,87,500            | 1.12        |

# Notes to the Financial Statements

## Note 3 : Investments (Non-current) (Contd..)

| Particulars                                                                        | Par Value /<br>Face Value<br>Per Unit | As at 31 March 2025 |             | As at 31 March 2024 |             |
|------------------------------------------------------------------------------------|---------------------------------------|---------------------|-------------|---------------------|-------------|
|                                                                                    |                                       | Numbers             | ₹ in Crores | Numbers             | ₹ in Crores |
| (iv) At fair value through profit or loss (FVTPL)                                  |                                       |                     |             |                     |             |
| In unquoted preference shares (fully paid up)                                      |                                       |                     |             |                     |             |
| 1% non-cumulative redeemable preference<br>shares in Kirloskar Proprietary Limited | 100 ₹                                 | 1                   | 0.00        | -                   | -           |
| Total                                                                              |                                       |                     | 1,500.05    |                     | 1,487.86    |

### Notes :

|                                                                                                                                                                                                                    | ₹ in Crores     | ₹ in Crores     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| 1. Aggregate amount of unquoted investments                                                                                                                                                                        | <b>1,500.05</b> | <b>1,487.86</b> |
| 2. Aggregate value of impairment in value of investments                                                                                                                                                           | <b>Nil</b>      | <b>Nil</b>      |
| 3. During the year, the Company has invested ₹ 100 in one 1% Non-cumulative redeemable preference shares at ₹ 100 per share in Kirloskar Proprietary Limited.                                                      |                 |                 |
| 4. During the year, the Company has further invested \$ 2,500,000 in 2,50,000 6% optionally convertible redeemable non-cumulative preference shares (OCRNPS) at \$ 10 per share in Kirloskar Americas Corporation. |                 |                 |
| 5. Refer Note 41.5.15 on risk management objectives and policies for financial instruments.                                                                                                                        |                 |                 |
| 6. Face value per unit is in Indian Rupees (INR) unless otherwise stated.                                                                                                                                          |                 |                 |

## Note 4 : Loans (Non-current)

| Particulars                                     | ₹ in Crores            |                        |
|-------------------------------------------------|------------------------|------------------------|
|                                                 | As at<br>31 March 2025 | As at<br>31 March 2024 |
| Loans to employees (unsecured, considered good) | 0.01                   | 0.03                   |
| <b>Total</b>                                    | <b>0.01</b>            | <b>0.03</b>            |

- Loans are measured at amortised cost.
- There are no loans or advances which are in the nature of loans that have been granted by the Company to promoters, directors, key managerial personnels and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person that are repayable on demand or without specifying any terms or period of repayment.
- Refer Note 41.5.15 on risk management objectives and policies for financial instruments.

## Note 5 : Other financial assets (Non-current)

| Particulars                                     | ₹ in Crores            |                        |
|-------------------------------------------------|------------------------|------------------------|
|                                                 | As at<br>31 March 2025 | As at<br>31 March 2024 |
| <b>Security deposits</b>                        |                        |                        |
| Unsecured, considered good                      | 22.36                  | 11.52                  |
| Doubtful                                        | 0.61                   | 1.47                   |
| Less : Loss allowance for doubtful deposits     | (0.61)                 | (1.47)                 |
| Bank deposits with more than 12 months maturity | 0.19                   | 0.17                   |
| Subsidy receivable under PSI scheme, 2001       | 2.79                   | 2.59                   |
| Others                                          | 0.11                   | 0.14                   |
| <b>Total</b>                                    | <b>25.45</b>           | <b>14.42</b>           |

- The Company's manufacturing facility at Kagal plant had been granted Mega Project status by Government of Maharashtra and hence was eligible for Industries Promotion Subsidy (IPS) under Package Scheme of Incentive (PSI) 2001. This scheme was for intensifying and accelerating the process of dispersal of industries to the less developed regions and promoting high-tech industries in the less developed areas of the state coupled with the object of generating employment opportunities. During the last quarter of FY 2018-19, the Government of Maharashtra had agreed for extension of the said scheme of incentive for further period of 2 years till 31



## Notes to the Financial Statements

### Note 5 : Other financial assets (Non-current) (Contd..)

March 2019 and subsequently amended the original eligibility certificate. Accordingly the extension of the scheme consists of total period of 11 years from the date of commencement of commercial production i.e. from 1 April 2008 to 31 March 2019 along with the extension of original operative period by 2 years and compliances thereof. The eligible subsidy receivables computed on the basis of VAT, CST as well as SGST paid on sales made from Kagal plant for such extended period are fair valued as on 31 March 2025.

- Other financial assets are measured at amortised cost.
- Bank deposits includes deposit held as security against the guarantees and other commitments.
- Refer Note 41.5.15 on risk management objectives and policies for financial instruments.

### Note 6 : Income tax assets (net)

| Particulars                            | ₹ in Crores            |                        |
|----------------------------------------|------------------------|------------------------|
|                                        | As at<br>31 March 2025 | As at<br>31 March 2024 |
| Tax paid in advance (net of provision) | 23.02                  | 21.84                  |
| <b>Total</b>                           | <b>23.02</b>           | <b>21.84</b>           |

### Note 7 : Other non-current assets

| Particulars                       | ₹ in Crores            |                        |
|-----------------------------------|------------------------|------------------------|
|                                   | As at<br>31 March 2025 | As at<br>31 March 2024 |
| <b>Unsecured, considered good</b> |                        |                        |
| Capital advances                  | 19.34                  | 4.30                   |
| Prepaid expenses                  | 2.01                   | 1.02                   |
| Other advances to suppliers       | 0.35                   | 0.35                   |
| <b>Total</b>                      | <b>21.70</b>           | <b>5.67</b>            |

### Note 8 : Inventories

| Particulars                  | ₹ in Crores            |                        |
|------------------------------|------------------------|------------------------|
|                              | As at<br>31 March 2025 | As at<br>31 March 2024 |
| <b>Raw materials</b>         |                        |                        |
| Raw materials and components | 357.86                 | 355.26                 |
| Raw materials-in-transit     | 0.31                   | 3.63                   |
| Work-in-progress             | 32.37                  | 37.81                  |
| Finished goods               | 50.53                  | 84.88                  |
| Traded goods                 | 37.96                  | 30.60                  |
| Stores and spares            | 14.09                  | 11.33                  |
| <b>Total</b>                 | <b>493.12</b>          | <b>523.51</b>          |

- Write down of inventories to net realisable value ₹ 23.52 Crores (31 March 2024 : ₹ 10.64 Crores) were recognised as an expense during the year.
- Refer Note 24 for information on inventory hypothecation with bankers for the purpose of working capital facilities.

# Notes to the Financial Statements

## Note 9 : Investments (Current)

₹ in Crores

| Particulars                                                                         | Face Value<br>Per Unit<br>In ₹ | As at 31 March 2025 |               | As at 31 March 2024 |               |
|-------------------------------------------------------------------------------------|--------------------------------|---------------------|---------------|---------------------|---------------|
|                                                                                     |                                | Numbers             | ₹ in Crores   | Numbers             | ₹ in Crores   |
| <b>(i) At fair value through profit or loss (FVTPL)</b>                             |                                |                     |               |                     |               |
| <b>Investments in Mutual Funds - Unquoted</b>                                       |                                |                     |               |                     |               |
| <b>Liquid Scheme - Fixed Maturity Plan</b>                                          |                                |                     |               |                     |               |
| Kotak Fixed Maturity Plan Series 329 - Regular Plan - Growth                        | 10                             | -                   | -             | 49,99,750           | 5.01          |
|                                                                                     |                                |                     | -             |                     | <b>5.01</b>   |
| <b>Liquid Scheme - Growth Option</b>                                                |                                |                     |               |                     |               |
| Axis Liquid Fund - Regular Growth                                                   | 1,000                          | 87,603              | 25.04         | 98,646              | 26.28         |
| Axis Money Market Fund - Regular Growth                                             | 1,000                          | 44,363              | 6.22          | 1,17,085            | 15.25         |
| Aditya Birla Sun Life Liquid Fund - Growth -Regular Plan                            | 100                            | 5,57,125            | 23.06         | -                   | -             |
| Aditya Birla Sun Life Money Manger Fund - Growth - Regular Plan                     | 100                            | 5,35,056            | 19.43         | 5,35,056            | 18.03         |
| DSP Liquidity Fund - Regular Plan - Growth                                          | 1,000                          | 82,092              | 30.11         | -                   | -             |
| HDFC Liquid fund - Regular Plan - Growth                                            | 1,000                          | 51,678              | 26.05         | 1,19,383            | 56.08         |
| HDFC Money Market fund - Regular Plan - Growth                                      | 1,000                          | 10,032              | 5.63          | -                   | -             |
| ICICI Prudential Liquid fund - Growth                                               | 100                            | 3,46,671            | 13.17         | 1,76,820            | 6.27          |
| ICICI Prudential - Money Market Fund - Growth                                       | 100                            | -                   | -             | 4,40,316            | 15.21         |
| Invesco India Liquid Fund - Regular Growth                                          | 1,000                          | 71,743              | 25.33         | 60,968              | 20.06         |
| Kotak Liquid Fund Regular Plan - Growth                                             | 1,000                          | 52,231              | 27.12         | 72,494              | 35.09         |
| Kotak Money Market fund - Growth (Regular Plan) (Erstwhile Kotak Floater ST )       | 1,000                          | -                   | -             | 37,260              | 15.24         |
| Nippon India Liquid Fund - Growth Plan - Growth Option                              | 1,000                          | 6,616               | 4.15          | 49,258              | 28.78         |
| Nippon India Money Market Fund - Growth Plan Growth Option                          | 1,000                          | 44,230              | 18.01         | 44,230              | 16.72         |
| SBI Liquid Fund Regular Growth                                                      | 1,000                          | 55,024              | 22.10         | 1,60,559            | 60.14         |
| Tata Liquid Fund Regular Plan - Growth                                              | 1,000                          | 49,841              | 20.16         | 59,675              | 22.50         |
| Tata Money Market Fund Regular Plan - Growth                                        | 1,000                          | 12,523              | 5.80          | -                   | -             |
| UTI Money Market Fund - Regular Plan Growth                                         | 1,000                          | 20,526              | 6.21          | 54,323              | 15.25         |
| UTI Liquid Fund - Regular Plan - Growth                                             | 1,000                          | 2,708               | 1.14          | 82,587              | 32.43         |
|                                                                                     |                                |                     | <b>278.73</b> |                     | <b>383.33</b> |
| <b>(ii) At amortised cost</b>                                                       |                                |                     |               |                     |               |
| <b>Investment in wholly owned subsidiary - Others</b>                               |                                |                     |               |                     |               |
| <b>In unquoted preference shares (fully paid up)</b>                                |                                |                     |               |                     |               |
| 8% cumulative redeemable preference shares in La-Gajjar Machineries Private Limited | 10                             | 85,00,000           | 8.50          | -                   | -             |
| <b>Total</b>                                                                        |                                |                     | <b>287.23</b> |                     | <b>388.34</b> |

### Notes :

- |                                                                                                                                                                           |               |               |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
|                                                                                                                                                                           | ₹ in Crores   | ₹ in Crores   |
| 1. Aggregate amount of unquoted investments                                                                                                                               | <b>287.23</b> | <b>388.34</b> |
| 2. Face value per unit is in Indian Rupees (INR) unless otherwise stated.                                                                                                 |               |               |
| 3. Fair value disclosures for financial assets and liabilities are stated in Note 41.5.13 and fair value hierarchy disclosures for investment are stated in Note 41.5.14. |               |               |
| 4. Refer Note 41.5.15 on risk management objectives and policies for financial instruments.                                                                               |               |               |

## Notes to the Financial Statements

### Note 10 : Trade receivables

₹ in Crores

| Particulars                                                               | As at<br>31 March 2025 | As at<br>31 March 2024 |
|---------------------------------------------------------------------------|------------------------|------------------------|
| <b>Unsecured</b>                                                          |                        |                        |
| Considered good                                                           | 677.41                 | 630.16                 |
| Less: Loss allowance (for expected credit loss under simplified approach) | (26.34)                | (61.72)                |
| <b>Total</b>                                                              | <b>651.07</b>          | <b>568.44</b>          |

- Trade receivables are measured at amortised cost. Also refer Note 41.4.7 for accounting policy.
- Trade receivables due from private companies in which director of the Company, is a director or a member as at **31 March 2025** is ₹ Nil (**31 March 2024: ₹ Nil**)
- For related party receivables, refer Note 41.5.11
- Movement of loss allowance (for expected credit loss under simplified approach) :**

| Particulars                               | ₹ in Crores  |
|-------------------------------------------|--------------|
| As at 1 April 2023                        | 61.90        |
| Allowance made/(reversed) during the year | 9.26         |
| Less: Written off                         | (9.44)       |
| <b>As at 31 March 2024</b>                | <b>61.72</b> |
| Allowance made/(reversed) during the year | (35.24)      |
| Less: Written off                         | (0.14)       |
| <b>As at 31 March 2025</b>                | <b>26.34</b> |

- Refer Note 41.5.15 on credit risk of trade receivables, which also explains how the Company manages and measures credit quality of trade receivables that are neither past due nor impaired.
- The carrying amount of the trade receivables include receivables which are subject to the export sales bill discounting arrangement. However, where the Company has retained the credit risks, it continues to recognise these assets in entirety in its Balance sheet, while bills discounted without recourse have been derecognised. The amount repayable under this arrangement is presented as borrowings.

The relevant carrying amounts are as follows:-

₹ in Crores

| Particulars                                           | As at<br>31 March 2025 | As at<br>31 March 2024 |
|-------------------------------------------------------|------------------------|------------------------|
| Total transferred receivables w.r.t. Bills discounted | -                      | 51.78                  |
| Related borrowings (Refer Note 24)                    | -                      | 51.78                  |

- For trade receivables outstanding, the ageing schedule is as given below:

#### As at 31 March 2025

₹ in Crores

| Particulars                                                                        | Outstanding for following periods from due date of payment |                       |                     |              |              |                      | Total         |
|------------------------------------------------------------------------------------|------------------------------------------------------------|-----------------------|---------------------|--------------|--------------|----------------------|---------------|
|                                                                                    | Not due                                                    | Less than<br>6 months | 6 months<br>-1 year | 1-2<br>years | 2-3<br>years | More than<br>3 years |               |
| (i) Undisputed trade receivables - considered good                                 | 496.49                                                     | 148.30                | 10.04               | 6.81         | 1.96         | 4.73                 | 668.33        |
| (ii) Undisputed trade receivables - which have significant increase in credit risk | -                                                          | -                     | -                   | -            | -            | -                    | -             |
| (iii) Undisputed trade receivables - credit impaired                               | -                                                          | -                     | -                   | -            | -            | -                    | -             |
| (iv) *Disputed trade receivables- considered good                                  | -                                                          | -                     | -                   | -            | -            | 9.08                 | 9.08          |
| (v) *Disputed trade receivables - which have significant increase in credit risk   | -                                                          | -                     | -                   | -            | -            | -                    | -             |
| (vi) *Disputed trade receivables - credit impaired                                 | -                                                          | -                     | -                   | -            | -            | -                    | -             |
| <b>Total trade receivables</b>                                                     | <b>496.49</b>                                              | <b>148.30</b>         | <b>10.04</b>        | <b>6.81</b>  | <b>1.96</b>  | <b>13.81</b>         | <b>677.41</b> |
| Less: Loss allowance for expected credit loss                                      |                                                            |                       |                     |              |              |                      | (26.34)       |
| <b>Total trade receivables (net)</b>                                               |                                                            |                       |                     |              |              |                      | <b>651.07</b> |

\* Disputed trade receivables represents legal cases with customers

# Notes to the Financial Statements

## Note 10 : Trade receivables (Contd..)

As at 31 March 2024

₹ in Crores

| Particulars                                                                        | Outstanding for following periods from due date of payment |                    |                  |              |             |                   | Total         |
|------------------------------------------------------------------------------------|------------------------------------------------------------|--------------------|------------------|--------------|-------------|-------------------|---------------|
|                                                                                    | Not due                                                    | Less than 6 months | 6 months -1 year | 1-2 years    | 2-3 years   | More than 3 years |               |
| (i) Undisputed trade receivables- considered good                                  | 480.16                                                     | 87.32              | 4.68             | 43.57        | 2.40        | 2.83              | 620.96        |
| (ii) Undisputed trade receivables - which have significant increase in credit risk | -                                                          | -                  | -                | -            | -           | -                 | -             |
| (iii) Undisputed trade receivables - credit impaired                               | -                                                          | -                  | -                | -            | -           | -                 | -             |
| (iv) *Disputed trade receivables- considered good                                  | -                                                          | -                  | -                | -            | 0.02        | 9.18              | 9.20          |
| (v) *Disputed trade receivables - which have significant increase in credit risk   | -                                                          | -                  | -                | -            | -           | -                 | -             |
| (vi) *Disputed trade receivables - credit impaired                                 | -                                                          | -                  | -                | -            | -           | -                 | -             |
| <b>Total trade receivables</b>                                                     | <b>480.16</b>                                              | <b>87.32</b>       | <b>4.68</b>      | <b>43.57</b> | <b>2.42</b> | <b>12.01</b>      | <b>630.16</b> |
| Less: Loss allowance for expected credit loss                                      |                                                            |                    |                  |              |             |                   | (61.72)       |
| <b>Total trade receivables (net)</b>                                               |                                                            |                    |                  |              |             |                   | <b>568.44</b> |

\* Disputed trade receivables represents legal cases with customers

## Note 11a : Cash and cash equivalents

₹ in Crores

| Particulars                                                | As at 31 March 2025 | As at 31 March 2024 |
|------------------------------------------------------------|---------------------|---------------------|
| <b>Balances with banks</b>                                 |                     |                     |
| Current accounts and debit balance in cash credit accounts | 48.17               | 49.56               |
| Bank deposits with original maturity of less than 3 months | 25.00               | 40.00               |
| Cash on hand                                               | 0.01                | 0.01                |
| <b>Total</b>                                               | <b>73.18</b>        | <b>89.57</b>        |

## Note 11b : Bank balances other than Cash and cash equivalents

₹ in Crores

| Particulars                                                                        | As at 31 March 2025 | As at 31 March 2024 |
|------------------------------------------------------------------------------------|---------------------|---------------------|
| Unpaid dividend accounts                                                           | 7.03                | 8.21                |
| Bank deposits with original maturity of more than 3 months but less than 12 months | 225.97              | 0.22                |
| <b>Total</b>                                                                       | <b>233.00</b>       | <b>8.43</b>         |

- Balances in unpaid dividend accounts with banks are earmarked.
- Bank deposits includes deposit held as security against the guarantees and other commitments of ₹ 0.21 Crores (31 March 2024: ₹ 0.22 Crores).
- Refer Note 41.5.15 on risk management objectives and policies for financial instruments.

## Note 12 : Loans (Current)

₹ in Crores

| Particulars                       | As at 31 March 2025 | As at 31 March 2024 |
|-----------------------------------|---------------------|---------------------|
| <b>Unsecured, considered good</b> |                     |                     |
| Loans to subsidiaries             | -                   | 10.72               |
| Loans to employees                | 0.02                | 0.03                |
| <b>Total</b>                      | <b>0.02</b>         | <b>10.75</b>        |

- Loans are measured at amortised cost.
- Loans due from private companies in which director of the Company, is a director or a member as at 31 March 2025 is ₹ Nil (31 March 2024: ₹ 10.72 Crores).



## Notes to the Financial Statements

### Note 12 : Loans (Current) (Contd..)

- There are no loans or advances which are in the nature of loans that have been granted by the Company to promoters, directors, key managerial personnels and the related parties (as defined under the Companies Act,2013),either severally or jointly with any other person that are repayable on demand or without specifying any terms or period of repayment.
- Refer Note 41.5.15 on risk management objectives and policies for financial instruments.
- Refer Note 41.5.11 on related party disclosures for details on loans granted to related parties.

### Note 13 : Other financial assets ( Current )

| Particulars                                 | ₹ in Crores            |                        |
|---------------------------------------------|------------------------|------------------------|
|                                             | As at<br>31 March 2025 | As at<br>31 March 2024 |
| <b>Security deposits</b>                    |                        |                        |
| Unsecured, considered good                  | 2.64                   | 16.02                  |
| Doubtful                                    | 0.91                   | -                      |
| Less : Loss allowance for doubtful deposits | (0.91)                 | -                      |
| Subsidy receivable under PSI scheme, 2001   | 1.75                   | 9.08                   |
| Export incentive receivable                 | 3.75                   | 1.79                   |
| Derivative assets                           | 1.76                   | 0.47                   |
| Other receivables                           | 10.17                  | 6.36                   |
| <b>Total</b>                                | <b>20.07</b>           | <b>33.72</b>           |

- Other financial assets, except derivative assets, are measured at amortised cost. Derivative instruments are carried at fair value through profit and loss.
- Derivative assets reflect the positive change in fair value of those foreign exchange forward contracts that are not designated in hedge relationship, but are nevertheless, intended to reduce the level of foreign currency risk exposure.
- Other receivables due from private companies in which director of the Company is , a director or a member as at **31 March 2025 ₹ 6.28 Crores (31 March 2024 : ₹ 5.12 Crores)**.
- Refer Note 41.5.13 for fair value disclosure of financial assets and financial liabilities and Note 41.5.14 for fair value hierarchy.
- Refer Note 41.5.15 on risk management objectives and policies for financial instruments.
- Also refer Note 5 for additional details on subsidy receivable under PSI scheme, 2001.

### Note 14 : Assets held for sale (Current)

| Particulars                         | ₹ in Crores            |                        |
|-------------------------------------|------------------------|------------------------|
|                                     | As at<br>31 March 2025 | As at<br>31 March 2024 |
| Property, plant and equipment (net) | -                      | -                      |
| <b>Total</b>                        | <b>-</b>               | <b>-</b>               |

- Asset held for sale represents a freehold land owned by the Company at Bhare (granted by Government of Maharashtra) where the Company has initiated the process to surrender the same back. The carrying value of ₹ 0.11 lacs has been fully impaired during the earlier years.
- Fair value hierarchy disclosures for Assets held for sale are in Note 41.5.14.

# Notes to the Financial Statements

## Note 15 : Other current assets

₹ in Crores

| Particulars                                                     | As at<br>31 March 2025 | As at<br>31 March 2024 |
|-----------------------------------------------------------------|------------------------|------------------------|
| <b>Advance to suppliers</b>                                     |                        |                        |
| Unsecured, considered good                                      | 51.54                  | 21.63                  |
| Doubtful                                                        | 0.82                   | 0.48                   |
| Less : Loss allowance for doubtful advances                     | (0.82)                 | (0.48)                 |
| Sales tax / Value added tax / Goods and Services tax receivable | 8.76                   | 2.67                   |
| Prepaid expenses                                                | 10.94                  | 9.45                   |
| Others                                                          | 1.22                   | 1.33                   |
| <b>Total</b>                                                    | <b>72.46</b>           | <b>35.08</b>           |

## Note 16 : Equity share capital

### Authorised share capital

Equity shares of ₹ 2 each

| Particulars                         | No. of shares       | ₹ in Crores  |
|-------------------------------------|---------------------|--------------|
| As at 1 April 2023                  | 27,00,00,000        | 54.00        |
| Increase/(decrease) during the year | -                   | -            |
| <b>As at 31 March 2024</b>          | <b>27,00,00,000</b> | <b>54.00</b> |
| Increase/(decrease) during the year | -                   | -            |
| <b>As at 31 March 2025</b>          | <b>27,00,00,000</b> | <b>54.00</b> |



### Terms/Rights attached to the equity shares

The Company has only one class of equity shares having a par value of ₹ 2 each. Each equity shareholder is entitled to one vote per share and has a right to receive dividend as recommended by Board of Directors subject to the necessary approval from the shareholders.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Equity shares reserved for issue under employee stock option plan : **7,57,803** (31 March 2024: **5,64,045**) equity shares.

### Issued and subscribed share capital

Equity shares of ₹ 2 each

| Particulars                | No. of shares       | ₹ in Crores  |
|----------------------------|---------------------|--------------|
| As at 1 April 2023         | 14,47,44,102        | 28.95        |
| Changes during the year    | 2,12,169            | 0.04         |
| <b>As at 31 March 2024</b> | <b>14,49,56,271</b> | <b>28.99</b> |
| Changes during the year    | 2,23,418            | 0.05         |
| <b>As at 31 March 2025</b> | <b>14,51,79,689</b> | <b>29.04</b> |

### Subscribed and fully paid up

Equity shares of ₹ 2 each

| Particulars                | No. of shares       | ₹ in Crores  |
|----------------------------|---------------------|--------------|
| As at 1 April 2023         | 14,47,43,637        | 28.95        |
| Changes during the year    | 2,12,169            | 0.04         |
| <b>As at 31 March 2024</b> | <b>14,49,55,806</b> | <b>28.99</b> |
| Changes during the year    | 2,23,418            | 0.05         |
| <b>As at 31 March 2025</b> | <b>14,51,79,224</b> | <b>29.04</b> |

## Notes to the Financial Statements

### Note 16 : Equity share capital (Contd..)

The Company has share suspense account which represents equity shares of ₹ 2 each to be issued and allotted to shareholders of erstwhile Shivaji Works Ltd. on amalgamation according to scheme sanctioned by Board of Industrial and Financial Reconstruction (BIFR) which are kept in abeyance as per the Scheme of Arrangement approved by Hon'ble High Court of Judicature at Bombay vide its order dated 31 July 2009 read with order dated 19 March 2010.

| Particulars of Share suspense account | No. of shares | ₹ in Crores |
|---------------------------------------|---------------|-------------|
| As at 1 April 2023                    | 465           | 0.00        |
| Changes during the year               | -             | -           |
| <b>As at 31 March 2024</b>            | <b>465</b>    | <b>0.00</b> |
| Changes during the year               | -             | -           |
| <b>As at 31 March 2025</b>            | <b>465</b>    | <b>0.00</b> |

#### 1. Number of shares held by each shareholder holding more than 5% shares in the Company

| Name of the Shareholder       | As at 31 March 2025 |                   | As at 31 March 2024 |                   |
|-------------------------------|---------------------|-------------------|---------------------|-------------------|
|                               | No. of shares       | % of shareholding | No. of shares       | % of shareholding |
| Rahul Chandrakant Kirloskar * | 1,77,86,902         | 12.25             | 1,77,86,902         | 12.27             |
| Atul Chandrakant Kirloskar ** | 1,46,74,947         | 10.11             | 1,46,74,947         | 10.12             |
| Kirloskar Industries Limited  | 82,10,439           | 5.66              | 82,10,439           | 5.66              |
| Alpana Rahul Kirloskar        | 77,89,634           | 5.37              | 77,89,634           | 5.37              |

\* Out of 1,77,86,902 equity shares - **1,77,72,083** (Previous Year: 1,77,72,083) equity shares are held in individual capacity, **5,700** (Previous Year: 5,700) equity shares are held as a Karta of Rahul C. Kirloskar HUF and **9,119** (Previous Year: 9,119) equity shares are held as a Trustee of C. S. Kirloskar Testamentary Trust.

\*\* Out of 1,46,74,947 equity shares - **1,46,68,872** (Previous Year: 1,46,68,872) equity shares are held in individual capacity, **375** (Previous Year: 375) equity shares are held as a Trustee of C.S. Kirloskar Testamentary Trust and **5,700** (Previous Year: 5,700) equity shares are held as a Karta of Atul C. Kirloskar HUF.

#### 2. The details of shareholding of promoter and promoter group is as below:

| Name                               | As at 31 March 2025 |                          |                   | As at 31 March 2024 |                          |                   |
|------------------------------------|---------------------|--------------------------|-------------------|---------------------|--------------------------|-------------------|
|                                    | No. of shares held  | % change during the year | % of total shares | No. of shares held  | % change during the year | % of total shares |
| Rahul Chandrakant Kirloskar        | 1,77,86,902         | -                        | 12.25             | 1,77,86,902         | -                        | 12.27             |
| Atul Chandrakant Kirloskar         | 1,46,74,947         | -                        | 10.11             | 1,46,74,947         | -                        | 10.12             |
| Kirloskar Industries Limited       | 82,10,439           | -                        | 5.66              | 82,10,439           | -                        | 5.66              |
| Alpana Rahul Kirloskar             | 77,89,634           | -                        | 5.37              | 77,89,634           | 1                        | 5.37              |
| Gauri Kirloskar                    | 57,53,580           | -                        | 3.96              | 57,53,580           | -                        | 3.97              |
| Arti Atul Kirloskar                | 32,29,454           | -                        | 2.22              | 32,29,454           | -                        | 2.23              |
| Aditi Atul Kirloskar               | 19,17,860           | -                        | 1.32              | 19,17,860           | -                        | 1.32              |
| Navsai Investments Private Limited | 91,798              | -                        | 0.06              | 91,798              | 11,979                   | 0.06              |
| Roopa Jayant Gupta                 | 90,812              | -                        | 0.06              | 90,812              | 335                      | 0.06              |
| Kirloskar Chillers Private Limited | 50,000              | -                        | 0.03              | 50,000              | -                        | 0.03              |
| Sanjay Chandrakant Kirloskar       | 46,654              | -                        | 0.03              | 46,654              | -                        | 0.03              |
| Suman Chandrakant Kirloskar        | 41,221              | -                        | 0.03              | 41,221              | -34                      | 0.03              |
| Geetanjali Vikram Kirloskar        | 31,875              | -                        | 0.02              | 31,875              | 100                      | 0.02              |
| Alpak Investments Private Limited  | 13,980              | -                        | 0.01              | 13,980              | 1,739                    | 0.01              |
| Alok Kirloskar                     | 6,262               | -                        | 0.00              | 6,262               | -                        | 0.00              |
| Kirloskar Systems Private Limited  | 2,070               | 100                      | 0.00              | -                   | -                        | -                 |
| Pratima Sanjay Kirloskar           | 1,520               | -                        | 0.00              | 1,520               | -                        | 0.00              |
| Aman Rahul Kirloskar               | 200                 | 100                      | 0.00              | -                   | -                        | -                 |
| Akshay Sahni                       | 100                 | -                        | 0.00              | 100                 | -                        | 0.00              |
| Late Mrinalini Shreekant Kirloskar | -                   | -                        | -                 | -                   | -100                     | -                 |
| <b>Total</b>                       | <b>5,97,39,308</b>  |                          | <b>41.15</b>      | <b>5,97,37,038</b>  |                          | <b>41.21</b>      |

# Notes to the Financial Statements

## Note 17 : Other equity

| Particulars                                           | ₹ in Crores            |                        |
|-------------------------------------------------------|------------------------|------------------------|
|                                                       | As at<br>31 March 2025 | As at<br>31 March 2024 |
| Share application money pending allotment             | 0.33                   | 0.41                   |
| Capital redemption reserve                            | 0.20                   | 0.20                   |
| Securities premium                                    | 10.97                  | 6.01                   |
| General reserve                                       | 608.90                 | 608.71                 |
| Equity instruments through other comprehensive income | 0.37                   | 0.49                   |
| Employee stock option reserve                         | 10.28                  | 4.25                   |
| <b>Retained earnings</b>                              |                        |                        |
| Opening balance                                       | 1,973.63               | 1,687.15               |
| Add :                                                 |                        |                        |
| Profit for the year                                   | 431.93                 | 361.63                 |
| Other comprehensive income / (loss)                   | (2.95)                 | (2.71)                 |
|                                                       | <b>428.98</b>          | <b>358.92</b>          |
| Less : Appropriations                                 |                        |                        |
| Final dividend for the previous year                  | (50.78)                | (36.21)                |
| Interim dividend for the current year                 | (36.29)                | (36.23)                |
|                                                       | <b>(87.07)</b>         | <b>(72.44)</b>         |
| <b>Total retained earnings</b>                        | <b>2,315.54</b>        | <b>1,973.63</b>        |
| <b>Total</b>                                          | <b>2,946.59</b>        | <b>2,593.70</b>        |

- Share application money pending allotment, represents amount received from employees who have exercised Employee Stock Option Plan (ESOP) for which shares are pending allotment as on the Balance Sheet date.
- Capital redemption reserve is created out of General reserve being nominal value of shares bought back in terms of erstwhile section 77A of the Companies Act, 1956 for equity shares buy back in the year 2012-13.
- Securities premium represents the amount received in excess of face value of the equity shares. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.
- General reserve is created by setting aside amount from the retained earnings of the Company for general purposes which is freely available for distribution.
- Equity instruments through other comprehensive income represents the cumulative gains and losses arising on the valuation of equity instruments measured at fair value through other comprehensive income, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off and is not available for distribution of dividend.
- Employee stock option reserve is used to record the fair value of equity-settled share based payment transactions with employees. The amounts recorded in share options outstanding account are transferred to securities premium upon exercise of stock options and transferred to general reserve on account of vested stock options not exercised by employees. Refer Note 41.5.19 for disclosure on Employee Stock Option Plan (ESOP) of the Company.

### 7. Dividend distribution made and proposed

| Particulars                                                                                            | ₹ in Crores  |              |
|--------------------------------------------------------------------------------------------------------|--------------|--------------|
|                                                                                                        | 2024-2025    | 2023-2024    |
| <b>Cash dividends on equity shares declared and paid</b>                                               |              |              |
| Final dividend for the year ended 31 March 2024: ₹ 3.50 per share<br>(31 March 2023: ₹ 2.50 per share) | 50.78        | 36.21        |
| Interim dividend for year ended 31 March 2025: ₹ 2.50 per share<br>(31 March 2024: ₹ 2.50 per share)   | 36.29        | 36.23        |
|                                                                                                        | <b>87.07</b> | <b>72.44</b> |

Final dividend proposed for the year ended **31 March 2025: ₹ 4 per share** (31 March 2024: ₹ 3.50 per share)

Proposed dividend on equity shares are subject to approval of the shareholders of the Company at the annual general meeting and are not recognised as a liability as at 31 March.



## Notes to the Financial Statements

### Note 18 : Borrowings (Non-current)

| ₹ in Crores                 |                        |                        |
|-----------------------------|------------------------|------------------------|
| Particulars                 | As at<br>31 March 2025 | As at<br>31 March 2024 |
| <b>From banks (secured)</b> |                        |                        |
| Term loan                   | 49.13                  | 67.21                  |
| <b>Total</b>                | <b>49.13</b>           | <b>67.21</b>           |

1. Borrowings are measured at amortised cost.

#### 2. Term loans from banks

The Company has availed a total term loan of ₹ 119.13 Crores for the purchase of immovable property. The loan is to be repaid in monthly installments of ₹ 2.50 Crores each starting from December 2023 with rate of interest linked to repo rate plus applicable spread i.e effective 7.80% p.a. The term loan is secured by an exclusive charge on the immovable property purchased through the term loan facility and hypothecation of movable fixed assets acquired through the term loan facility. The carrying amount of the loan as at 31 March 2025 is ₹ 79.13 Crores. Refer Note 24- Borrowings (Current) for current maturities of this long term borrowings.

#### 3. Maturity profile of term loans from banks (Current and Non-current)

| ₹ in Crores                           |                        |                        |
|---------------------------------------|------------------------|------------------------|
| Period                                | As at<br>31 March 2025 | As at<br>31 March 2024 |
| Less than three months                | 7.50                   | 7.50                   |
| More than three months upto one year  | 22.50                  | 22.50                  |
| More than one year upto three years   | 49.13                  | 60.00                  |
| More than three years upto five years | -                      | 7.21                   |
| <b>Total</b>                          | <b>79.13</b>           | <b>97.21</b>           |

4. There has been no default in repayment of interest and principal amount for year ended 31 March 2025 and 31 March 2024.

5. For explanations on the Company's interest risk, foreign currency risk and liquidity risk management processes, refer Note 41.5.15.

### Note 19 : Lease liabilities (Non-current)

| ₹ in Crores       |                        |                        |
|-------------------|------------------------|------------------------|
| Particulars       | As at<br>31 March 2025 | As at<br>31 March 2024 |
| Lease liabilities | 28.11                  | 0.07                   |
| <b>Total</b>      | <b>28.11</b>           | <b>0.07</b>            |

1. Lease liabilities are measured at amortised cost.

2. For explanations on the Company's interest risk, foreign currency risk and liquidity risk management processes, refer Note 41.5.15.

3. Refer Note 41.5.17 for additional disclosures.

### Note 20 : Other financial liabilities (Non-current)

| ₹ in Crores                                    |                        |                        |
|------------------------------------------------|------------------------|------------------------|
| Particulars                                    | As at<br>31 March 2025 | As at<br>31 March 2024 |
| Deposits/ Retentions from customers and others | 14.06                  | 16.27                  |
| <b>Total</b>                                   | <b>14.06</b>           | <b>16.27</b>           |

1. Other financial liabilities are measured at amortised cost.

2. For explanations on the Company's interest risk, foreign currency risk and liquidity risk management processes, refer Note 41.5.15.

# Notes to the Financial Statements

## Note 21 : Provisions (Non-current)

₹ in Crores

| Particulars                                         | As at<br>31 March 2025 | As at<br>31 March 2024 |
|-----------------------------------------------------|------------------------|------------------------|
| <b>Provision for employee benefits</b>              |                        |                        |
| Provision for compensated absence                   | 18.20                  | 20.10                  |
| Provision for pension and other retirement benefits | 2.32                   | 2.50                   |
| <b>Total provision for employee benefits</b>        | <b>20.52</b>           | <b>22.60</b>           |
| <b>Other provisions</b>                             |                        |                        |
| Provision for warranty                              | 20.74                  | 15.77                  |
| <b>Total other provisions</b>                       | <b>20.74</b>           | <b>15.77</b>           |
| <b>Total</b>                                        | <b>41.26</b>           | <b>38.37</b>           |

- Refer Note 29 Provisions (Current) for additional disclosures.

## Note 22: Deferred tax (assets)/liabilities (net)

₹ in Crores

| Particulars                                 | As at<br>31 March 2025 | As at<br>31 March 2024 |
|---------------------------------------------|------------------------|------------------------|
| Depreciation                                | 43.27                  | 38.62                  |
| Others                                      | 3.50                   | 2.88                   |
| <b>Total deferred tax liabilities</b>       | <b>46.77</b>           | <b>41.50</b>           |
| <b>Less : Deferred tax assets</b>           |                        |                        |
| Disallowances under Income Tax Act,1961     | (14.48)                | (13.83)                |
| Provision for doubtful debts and advances   | (6.63)                 | (15.53)                |
| VRS Compensation                            | (0.42)                 | (0.84)                 |
| Others                                      | (0.22)                 | (1.35)                 |
| <b>Total deferred tax assets</b>            | <b>(21.75)</b>         | <b>(31.55)</b>         |
| <b>Total deferred tax liabilities (net)</b> | <b>25.02</b>           | <b>9.95</b>            |

- Reconciliation of deferred tax (assets) / liabilities (net)

₹ in Crores

| Particulars                                                                         | As at<br>31 March 2025 | As at<br>31 March 2024 |
|-------------------------------------------------------------------------------------|------------------------|------------------------|
| Opening balance as at 1 April                                                       | 9.95                   | 6.12                   |
| Tax (income)/expense during the year recognised in the Statement of Profit and Loss | 16.15                  | 4.71                   |
| Tax (income)/expense during the year recognised in other comprehensive income       | (1.08)                 | (0.88)                 |
| <b>Closing balance as at 31 March</b>                                               | <b>25.02</b>           | <b>9.95</b>            |

- The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.
- Refer Note 40 for Income tax and deferred tax rate.

## Note 23 : Other non-current liabilities

₹ in Crores

| Particulars                 | As at<br>31 March 2025 | As at<br>31 March 2024 |
|-----------------------------|------------------------|------------------------|
| Advance from customers      | 80.92                  | 20.28                  |
| Revenue received in advance | 1.52                   | 1.41                   |
| <b>Total</b>                | <b>82.44</b>           | <b>21.69</b>           |

- Refer Note 41.5.8. for additional disclosures.

## Notes to the Financial Statements

### Note 24 : Borrowings (Current)

| Particulars                                | ₹ in Crores            |                        |
|--------------------------------------------|------------------------|------------------------|
|                                            | As at<br>31 March 2025 | As at<br>31 March 2024 |
| <b>From banks</b>                          |                        |                        |
| <b>Secured</b>                             |                        |                        |
| Export preshipment loan in INR             | 50.29                  | 60.14                  |
| Current maturities of long term borrowings | 30.00                  | 30.00                  |
| <b>Unsecured</b>                           |                        |                        |
| Export sales bill discounted               | -                      | 51.78                  |
| <b>Total</b>                               | <b>80.29</b>           | <b>141.92</b>          |

- Borrowings are measured at amortised cost.
- Secured borrowings- The Company's fund and non-fund based working capital facilities aggregating to ₹ 385 Crores are secured by way of hypothecation (First Charge) on the whole of the current assets of the Company both present and future in favour of the consortium of banks (SBI Consortium) comprising of State Bank of India, Pune (Lead Bank), Bank of Maharashtra, ICICI Bank Limited, HDFC Bank Limited, and The Hongkong and Shanghai Banking Corporation Limited (HSBC). The Board of Directors of the Company had given their approval for reduction ₹ 410 Crores consortium limit to ₹ 385 Crores and also to appoint 'Axis Trustee Services Private Limited' as a Security Trustee. The Company has appointed 'Axis Trustee Services Private Limited' as Security Trustee and is in process of execution of necessary agreements with Consortium Bankers to give effect to the reduction of working capital facilities and hypothecation charge from ₹ 410 Crores to ₹ 385 Crores. Accordingly, the necessary forms will be filed with the Ministry of Corporate Affairs/Registrar of Companies for modification of charge created to the extent of reduction in working capital facilities.
- The quarterly returns or statements of current assets filed by the Company with banks are in agreement with the books of account.
- There has been no default in repayment of interest and principal amount for year ended 31 March 2025 and 31 March 2024.
- For explanations on the Company's Interest risk, foreign currency risk and liquidity risk management processes, refer Note 41.5.15.

### Note 25 : Lease liabilities (Current)

| Particulars       | ₹ in Crores            |                        |
|-------------------|------------------------|------------------------|
|                   | As at<br>31 March 2025 | As at<br>31 March 2024 |
| Lease liabilities | 17.05                  | 2.44                   |
| <b>Total</b>      | <b>17.05</b>           | <b>2.44</b>            |

- Lease liabilities are measured at amortised cost.
- For explanations on the Company's Interest risk, foreign currency risk and liquidity risk management processes, refer Note 41.5.15.
- Refer Note 41.5.17 for additional disclosures.

### Note 26 : Trade and other payables

| Particulars                                               | ₹ in Crores            |                        |
|-----------------------------------------------------------|------------------------|------------------------|
|                                                           | As at<br>31 March 2025 | As at<br>31 March 2024 |
| Acceptances                                               | 27.73                  | 24.76                  |
| Due to micro enterprises and small enterprises            | 87.78                  | 111.36                 |
| Due to other than micro enterprises and small enterprises | 535.13                 | 591.28                 |
| <b>Total</b>                                              | <b>650.64</b>          | <b>727.40</b>          |

- Trade and other payables are measured at amortised cost.
- For terms and conditions with related parties, refer Note 41.5.11.
- For explanations on the Company's foreign currency risk and liquidity risk management processes, refer Note 41.5.15.

# Notes to the Financial Statements

## Note 26 : Trade and other payables (Contd..)

4. For trade and other payables outstanding, the ageing schedule is as given below:

As at 31 March 2025

₹ in Crores

| Particulars                                           | Unbilled    | Outstanding for following periods from due date of payment |                  |             |             |                   | Total         |
|-------------------------------------------------------|-------------|------------------------------------------------------------|------------------|-------------|-------------|-------------------|---------------|
|                                                       |             | Not Due                                                    | Less than 1 year | 1-2 years   | 2-3 years   | More than 3 years |               |
| Micro and Small Enterprises ("MSME")                  | 0.63        | 86.81                                                      | 0.32             | 0.01        | 0.01        | -                 | 87.78         |
| Others                                                | 2.92        | 452.87                                                     | 103.03           | 2.19        | 0.46        | 1.39              | 562.86        |
| *Disputed dues - Micro and Small Enterprises ("MSME") | -           | -                                                          | -                | -           | -           | -                 | -             |
| *Disputed dues - Others                               | -           | -                                                          | -                | -           | -           | -                 | -             |
| <b>Total</b>                                          | <b>3.55</b> | <b>539.68</b>                                              | <b>103.35</b>    | <b>2.20</b> | <b>0.47</b> | <b>1.39</b>       | <b>650.64</b> |

\* Disputed dues represents legal cases with vendors.

As at 31 March 2024

₹ in Crores

| Particulars                                           | Unbilled    | Outstanding for following periods from due date of payment |                  |             |             |                   | Total         |
|-------------------------------------------------------|-------------|------------------------------------------------------------|------------------|-------------|-------------|-------------------|---------------|
|                                                       |             | Not Due                                                    | Less than 1 year | 1-2 years   | 2-3 years   | More than 3 years |               |
| Micro and Small Enterprises ("MSME")                  | 0.20        | 111.08                                                     | 0.07             | 0.01        | 0.00        | -                 | 111.36        |
| Others                                                | 3.81        | 476.04                                                     | 129.76           | 3.31        | 0.47        | 2.65              | 616.04        |
| *Disputed dues - Micro and Small Enterprises ("MSME") | -           | -                                                          | -                | -           | -           | -                 | -             |
| *Disputed dues - Others                               | -           | -                                                          | -                | -           | -           | -                 | -             |
| <b>Total</b>                                          | <b>4.01</b> | <b>587.12</b>                                              | <b>129.83</b>    | <b>3.32</b> | <b>0.47</b> | <b>2.65</b>       | <b>727.40</b> |

\* Disputed dues represents legal cases with vendors.

## Note 27 : Other financial liabilities (Current)

₹ in Crores

| Particulars                   | As at 31 March 2025 | As at 31 March 2024 |
|-------------------------------|---------------------|---------------------|
| Deposits from customers       | 2.50                | 2.75                |
| Unclaimed dividends           | 7.04                | 8.22                |
| Payable for capital purchases | 36.55               | 33.98               |
| Employee benefits payable     | 46.66               | 45.00               |
| Derivative liabilities        | -                   | 0.45                |
| Other payables                | 20.62               | 17.00               |
| <b>Total</b>                  | <b>113.37</b>       | <b>107.40</b>       |

- Other financial liabilities, except derivative liabilities, are measured at amortised cost. Derivative instruments are carried at fair value through profit and loss.
- Derivative liabilities reflect the negative change in fair value of those foreign exchange forward contracts that are not designated in hedge relationship, but are nevertheless, intended to reduce the level of foreign currency risk exposure.
- For explanations on the Company's interest risk, foreign currency risk and liquidity risk management processes, refer Note 41.5.15.
- Payable for capital purchase includes MSME creditors to the extent they are of capital nature amounting ₹ 2.83 Crores .



## Notes to the Financial Statements

### Note 28 : Other current liabilities

| Particulars                 | ₹ in Crores            |                        |
|-----------------------------|------------------------|------------------------|
|                             | As at<br>31 March 2025 | As at<br>31 March 2024 |
| Advance from customers      | 36.80                  | 19.13                  |
| Revenue received in advance | 32.81                  | 30.85                  |
| Statutory dues              | 50.79                  | 24.37                  |
| Others                      | 0.12                   | 0.07                   |
| <b>Total</b>                | <b>120.52</b>          | <b>74.42</b>           |

- For advance from customers and revenue received in advance, refer Note 41.5.8.

### Note 29 : Provisions (Current)

| Particulars                                         | ₹ in Crores            |                        |
|-----------------------------------------------------|------------------------|------------------------|
|                                                     | As at<br>31 March 2025 | As at<br>31 March 2024 |
| <b>Provision for employee benefits</b>              |                        |                        |
| Provision for gratuity                              | 15.54                  | 9.71                   |
| Provision for compensated absence                   | 9.79                   | 13.83                  |
| Provision for pension and other retirement benefits | 0.33                   | 0.33                   |
| <b>Total provision for employee benefits</b>        | <b>25.66</b>           | <b>23.87</b>           |
| <b>Others</b>                                       |                        |                        |
| Provision for warranty                              | 59.73                  | 47.11                  |
| Other provisions                                    | 24.59                  | 20.26                  |
| <b>Total others</b>                                 | <b>84.32</b>           | <b>67.37</b>           |
| <b>Total</b>                                        | <b>109.98</b>          | <b>91.24</b>           |

- Refer Note 21 Provisions (Non-current).

#### 2. Employee benefits obligations

##### a. Gratuity

The Company provides gratuity for employees as per the Gratuity Act, 1972 and the Company's internal gratuity scheme. Employees who are in continuous service for a period of five years are eligible for gratuity. The amount of gratuity is payable on retirement or separation whichever is earlier. The level of benefits provided depends on the member's length of service and salary at retirement age. The gratuity plan is funded plan.

##### b. Pension and other retirement benefits

The Company provides certain post-employment medical scheme and long term award benefits to employees (unfunded). For long-term award scheme, the Company has defined certain eligibility criteria and grade-wise benefit available to employees and is payable only at time of separation. Pension and medical benefits are payable to specified category of employees for 15 years after retirement.

##### c. Compensated absences

The leave obligation cover the Company's liability for earned leaves.

Also refer Note 41.5.9 for detailed disclosure.

#### 3. Others

- Warranty is provided to customers at the time of sale of products. Warranty cost includes expenses in connection with repairs, free replacement of parts / engines and after sales services during warranty period which varies from 1 year to 4 years.

Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of reporting period. It is expected that majority of these costs will be incurred in the next financial year and balance will be incurred in following years. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

# Notes to the Financial Statements

## Note 29 : Provisions (Current) (Contd..)

- b. The Company has preferred an Appeal bearing No. 125 of 2016 before the Chief Controlling Revenue Authority (CCRA) against the Stamp Duty Adjudication Order dated 2 May 2016 bearing ADJ/188/2015 passed by Collector of Stamps, Enforcement – II, Mumbai levying a total stamp duty amount of ₹ 14.94 Crores on the Company for amalgamation of KBIL with the Company. For securing a Stay Order against the said Stamp duty Adjudication being ADJ/188/2015 dated 2 May 2016, the Company has deposited 50% of the stamp duty amount of ₹ 7.47 Crores on protest on 30 June 2016. Considering the payment of 50% of stamp duty amount, through its Order dated 22 September 2016, CCRA has passed an Order granting stay on the effect and operation of said Stamp Duty Adjudication Order bearing ADJ/188/2015 dated 2 May 2016. The Company's Appeal bearing No. 125 of 2016 is still pending and listing for final hearing is awaited. Accordingly, provision for stamp duty of ₹ 14.94 Crores has been made. In the meantime, the Company, on 30 January, 2024, filed an application under the Maharashtra Stamp Duty Amnesty Scheme 2023 for reduction in the adjudicated Stamp Duty and waiver of penalty and interest thereof. This application is pending for hearing/ orders.
- c. Provision for liquidated damages pertains to provision arising due to delay in actual delivery of goods/services as against the contractual delivery date.
- d. Provision for onerous contracts pertains to the provision for the unavoidable costs of meeting the obligations under the contract which exceeds the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

| ₹ in Crores                   |              |              |                    |                   |
|-------------------------------|--------------|--------------|--------------------|-------------------|
| Particulars                   | Warranty     | Stamp duty   | Liquidated damages | Onerous contracts |
| As at 1 April 2023            | 60.89        | 14.94        | 2.94               | 0.46              |
| Arising during the year       | 53.59        | -            | 4.57               | -                 |
| Less : Utilised               | (52.58)      | -            | (1.23)             | (0.45)            |
| Less : Unused amount reversed | (0.50)       | -            | (0.97)             | -                 |
| Add: Unwinding of discount    | 1.48         | -            | -                  | -                 |
| <b>As at 31 March 2024</b>    | <b>62.88</b> | <b>14.94</b> | <b>5.31</b>        | <b>0.01</b>       |
| Arising during the year       | 85.73        | -            | 4.80               | -                 |
| Less : Utilised               | (68.02)      | -            | (0.16)             | (0.01)            |
| Less : Unused amount reversed | (2.00)       | -            | (0.30)             | -                 |
| Add: Unwinding of discount    | 1.88         | -            | -                  | -                 |
| <b>As at 31 March 2025</b>    | <b>80.47</b> | <b>14.94</b> | <b>9.65</b>        | <b>-</b>          |
| Non-current (Refer Note 21)   | 20.74        | -            | -                  | -                 |
| Current                       | 59.73        | 14.94        | 9.65               | -                 |

## Note 30 : Revenue from operations

| ₹ in Crores                                  |                 |                 |
|----------------------------------------------|-----------------|-----------------|
| Particulars                                  | 2024-2025       | 2023-2024       |
| <b>Sales and services</b>                    |                 |                 |
| Sale of products                             | 4,903.36        | 4,656.61        |
| Sale of services                             | 169.35          | 149.74          |
| <b>Total sales and services</b>              | <b>5,072.71</b> | <b>4,806.35</b> |
| <b>Other operating income</b>                |                 |                 |
| Sale of scrap                                | 15.80           | 16.49           |
| Commission received                          | 3.85            | 3.46            |
| Export incentives                            | 10.62           | 11.74           |
| Sundry credit balances written back          | 0.62            | 0.19            |
| Provisions no longer required written back   | 0.90            | 4.26            |
| Income generated from solar power generation | 7.63            | 6.87            |
| Miscellaneous receipts                       | 1.20            | 1.18            |
| <b>Total other operating income</b>          | <b>40.62</b>    | <b>44.19</b>    |
| <b>Total</b>                                 | <b>5,113.33</b> | <b>4,850.54</b> |

1. Refer Note 41.3.1, 41.4.17 & 41.5.8 for accounting policies and additional disclosures.

## Notes to the Financial Statements

### Note 31 : Other income

| ₹ in Crores                                                                                         |              |              |
|-----------------------------------------------------------------------------------------------------|--------------|--------------|
| Particulars                                                                                         | 2024-2025    | 2023-2024    |
| Interest on income tax and sales tax refund                                                         | 0.00         | 0.01         |
| <b>Interest income on financial assets measured at amortised cost</b>                               |              |              |
| (i) Bank deposits                                                                                   | 3.86         | 0.03         |
| (ii) Unwinding of interest on security deposits                                                     | 0.27         | -            |
| (iii) Preference shares                                                                             | 3.98         | 3.98         |
| (iv) Other financial assets                                                                         | 1.12         | 2.40         |
| Dividend income from equity investments designated at fair value through other comprehensive income | 0.00         | 0.00         |
| Net gain on financial assets measured at fair value through profit or loss (unrealised)             | 4.96         | 4.54         |
| Net gain on sale of mutual fund measured at fair value through profit or loss (realised)            | 19.30        | 13.07        |
| Rent income                                                                                         | 0.92         | 0.81         |
| <b>Total</b>                                                                                        | <b>34.41</b> | <b>24.84</b> |

- Net gain on financial assets measured at fair value through profit or loss relates to the gain arising on fair value restatements of investment in mutual funds at the Balance Sheet dates which are held as current or non-current investments.
- Refer Note 41.3.1 ,41.4.10 & 41.5.17 for accounting policies and additional disclosures.

### Note 32 : Cost of raw materials and components consumed

| ₹ in Crores                           |                 |                 |
|---------------------------------------|-----------------|-----------------|
| Particulars                           | 2024-2025       | 2023-2024       |
| Raw materials and components consumed | 2,534.04        | 2,411.89        |
| <b>Total</b>                          | <b>2,534.04</b> | <b>2,411.89</b> |

### Note 33 : Purchase of traded goods

| ₹ in Crores                       |               |               |
|-----------------------------------|---------------|---------------|
| Particulars                       | 2024-2025     | 2023-2024     |
| Engines and Gensets               | 235.39        | 255.16        |
| K-Oil                             | 174.57        | 155.83        |
| Alternators, Batteries and Others | 360.38        | 409.33        |
| <b>Total</b>                      | <b>770.34</b> | <b>820.32</b> |

- Refer Note 41.4.11 for accounting policies.

### Note 34 : Changes in inventories of finished goods, work-in-progress and traded goods

| ₹ in Crores                               |               |               |
|-------------------------------------------|---------------|---------------|
| Particulars                               | 2024-2025     | 2023-2024     |
| <b>Opening inventories</b>                |               |               |
| Work-in-progress                          | 37.81         | 35.48         |
| Finished goods                            | 84.88         | 94.03         |
| Traded goods                              | 30.60         | 35.49         |
| <b>Total opening inventories</b>          | <b>153.29</b> | <b>165.00</b> |
| <b>Closing inventories</b>                |               |               |
| Work-in-progress                          | 32.37         | 37.81         |
| Finished goods                            | 50.53         | 84.88         |
| Traded goods                              | 37.96         | 30.60         |
| <b>Total closing inventories</b>          | <b>120.86</b> | <b>153.29</b> |
| <b>(Increase)/decrease in inventories</b> | <b>32.43</b>  | <b>11.71</b>  |

# Notes to the Financial Statements

## Note 35 : Employee benefits expense

₹ in Crores

| Particulars                               | 2024-2025     | 2023-2024     |
|-------------------------------------------|---------------|---------------|
| Salaries, wages, bonus, commission, etc.  | 281.22        | 258.40        |
| Gratuity                                  | 7.80          | 5.97          |
| Contribution to provident and other funds | 17.97         | 14.07         |
| Welfare and training expenses             | 28.37         | 23.62         |
| Share based payment to employees          | 8.22          | 1.79          |
| Provident and other funds' expenses       | 0.55          | 0.47          |
| <b>Total</b>                              | <b>344.13</b> | <b>304.32</b> |

1. For additional disclosures, refer Note 41.5.9 for gratuity and Note 41.5.19 for share based payment to employees.

## Note 36 : Finance costs

₹ in Crores

| Particulars                      | 2024-2025    | 2023-2024   |
|----------------------------------|--------------|-------------|
| Interest and discounting charges | 8.94         | 6.52        |
| Interest on lease liabilities    | 2.24         | 0.27        |
| Other finance cost               | 0.93         | 0.99        |
| <b>Total</b>                     | <b>12.11</b> | <b>7.78</b> |

1. For additional disclosures, refer Note 41.5.17 for interest on lease liabilities

## Note 37 : Depreciation and amortisation expense

₹ in Crores

| Particulars                                    | 2024-2025     | 2023-2024    |
|------------------------------------------------|---------------|--------------|
| Depreciation on property , plant and equipment | 75.42         | 62.76        |
| Amortisation on intangible assets              | 28.93         | 31.22        |
| Amortisation on right-of-use assets            | 12.65         | 3.03         |
| <b>Total</b>                                   | <b>117.00</b> | <b>97.01</b> |

## Note 38 : Other expenses

₹ in Crores

| Particulars                                      | 2024-2025     | 2023-2024     |
|--------------------------------------------------|---------------|---------------|
| <b>Manufacturing expenses</b>                    |               |               |
| Stores consumed                                  | 100.12        | 94.82         |
| Power and fuel                                   | 34.94         | 34.32         |
| Machinery spares                                 | 12.84         | 10.81         |
| Repairs to machinery                             | 13.40         | 12.46         |
| Job work charges                                 | 49.02         | 46.44         |
| Labour charges                                   | 18.97         | 19.56         |
| Cost of services                                 | 117.13        | 113.29        |
| Other manufacturing expenses                     | 27.44         | 17.42         |
| <b>Total manufacturing expenses</b>              | <b>373.86</b> | <b>349.12</b> |
| <b>Selling expenses</b>                          |               |               |
| Commission                                       | 17.97         | 19.64         |
| Freight and forwarding                           | 111.99        | 91.53         |
| Warranty                                         | 83.73         | 53.59         |
| Royalty                                          | 12.53         | 11.86         |
| Advertisement and publicity                      | 14.99         | 17.99         |
| Provision for doubtful debts and advances (net)  | (34.99)       | 0.18          |
| Bad debts and irrecoverable balances written off | 0.16          | 9.52          |
| Others selling expenses                          | 6.51          | 4.67          |
| <b>Total selling expenses</b>                    | <b>212.89</b> | <b>208.98</b> |



## Notes to the Financial Statements

### Note 38 : Other expenses (Contd..)

| ₹ in Crores                                                        |               |               |
|--------------------------------------------------------------------|---------------|---------------|
| Particulars                                                        | 2024-2025     | 2023-2024     |
| <b>Administration expenses</b>                                     |               |               |
| Rent                                                               | 16.13         | 30.13         |
| Rates and taxes                                                    | 1.05          | 1.11          |
| Insurance                                                          | 3.52          | 3.26          |
| Repairs to building                                                | 2.23          | 1.51          |
| Other repairs and maintenance                                      | 46.73         | 45.36         |
| Travelling and conveyance                                          | 34.78         | 32.30         |
| Communication expenses                                             | 4.27          | 3.86          |
| Printing and stationery                                            | 1.40          | 1.20          |
| Professional charges                                               | 68.15         | 52.70         |
| Auditors' remuneration                                             | 0.59          | 0.61          |
| Donations                                                          | 0.01          | 0.03          |
| Corporate social responsibilities ("CSR") expenses                 | 7.20          | 5.58          |
| Non-executive directors' fees & commission                         | 4.51          | 4.65          |
| Miscellaneous expenses                                             | 21.76         | 17.62         |
| Net (gain)/ loss on assets sold, demolished, discarded and scraped | (2.26)        | (0.42)        |
| Exchange (gain)/loss on translation of assets and liabilities      | (1.27)        | (1.52)        |
| <b>Total administration expenses</b>                               | <b>208.80</b> | <b>197.98</b> |
| <b>Total</b>                                                       | <b>795.55</b> | <b>756.08</b> |

1. Refer Note 41.5.18 for CSR expenses and Note 41.5.5 for auditors' remuneration.

### Note 39 : Exceptional items

| ₹ in Crores                                     |              |           |
|-------------------------------------------------|--------------|-----------|
| Particulars                                     | 2024-2025    | 2023-2024 |
| Profit on sale of property, plant and equipment | 20.90        | -         |
| <b>Total</b>                                    | <b>20.90</b> | <b>-</b>  |

1. During the year, the Company sold an aircraft that was previously subject to an operating lease agreement. The asset was disposed off for a total consideration of ₹ 21.98 Crores, the net profit arising on sale of this aircraft is ₹ 20.90 Crores.

### Note 40 : Tax expense

#### 1. The major components of income tax expenses for the year ended 31 March 2025 and 31 March 2024

| ₹ in Crores                                                            |               |               |
|------------------------------------------------------------------------|---------------|---------------|
| Particulars                                                            | 2024-2025     | 2023-2024     |
| <b>Current tax</b>                                                     |               |               |
| Current income tax                                                     | 131.86        | 120.50        |
| <b>Deferred tax</b>                                                    |               |               |
| Relating to origination and reversal of temporary difference           | 16.15         | 4.71          |
| <b>Income tax expense reported in the Statement of Profit and Loss</b> | <b>148.01</b> | <b>125.21</b> |

#### 2. Deferred tax related to items recognised in OCI during the year

| ₹ in Crores                                                            |               |               |
|------------------------------------------------------------------------|---------------|---------------|
| Particulars                                                            | 2024-2025     | 2023-2024     |
| <b>Deferred tax related to items recognised in OCI during the year</b> |               |               |
| Net loss/(gain) on actuarial gains and losses                          | (1.00)        | (0.90)        |
| Net loss/(gain) on FVOCI equity instruments                            | (0.08)        | 0.02          |
| <b>Deferred tax charged to OCI</b>                                     | <b>(1.08)</b> | <b>(0.88)</b> |

# Notes to the Financial Statements

## Note 40 : Tax expense (Contd..)

### 3. Significant estimates made in relation to the Company's income tax position and impact of non-assessable and non-deductible items on income tax expense:

Reconciliation of tax expense and the accounting profit multiplied by applicable tax rate as notified under Income Tax Act, 1961 enacted in India for the years ended 31 March 2025 and 31 March 2024

#### Current tax

| Particulars                                                               | ₹ in Crores   |               |
|---------------------------------------------------------------------------|---------------|---------------|
|                                                                           | 2024-2025     | 2023-2024     |
| Accounting profit before income tax expense                               | 579.94        | 486.84        |
| Tax @ 25.168% (31 March 2024 : 25.168%)                                   | 145.96        | 122.53        |
| <b>Tax effect of adjustments in calculating taxable income:</b>           |               |               |
| Corporate social responsibility expenses/donations                        | 1.82          | 1.41          |
| Other disallowances/(allowances)                                          | 1.23          | 1.27          |
| Deductions as per Chapter VI-A                                            | (1.00)        | -             |
| <b>Total adjustments</b>                                                  | <b>2.05</b>   | <b>2.68</b>   |
| <b>Income tax expenses recognised in the Statement of Profit and Loss</b> | <b>148.01</b> | <b>125.21</b> |
| <b>Effective income tax rate</b>                                          | <b>25.52%</b> | <b>25.72%</b> |

## Note 41 : Notes to and forming part of the financial statements as at and for the year ended 31 March 2025

### 1 Corporate information

Kirloskar Oil Engines Limited ('the Company') is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act, 1956. The registered office of the Company is located at Laxmanrao Kirloskar Road, Khadki, Pune, Maharashtra- 411003. The equity shares of the Company are listed on two recognised stock exchanges in India i.e. Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

The Company is engaged in the business of manufacturing of engines, generating sets, pump sets and power tillers and spares thereof. The Company has manufacturing facilities in the state of Maharashtra and Gujarat.

### 2 Basis of preparation of financial statements

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards ('Ind AS') as issued under the Companies (Indian Accounting Standards) Rules, 2015 and amendments thereof issued by the Ministry of Corporate Affairs in exercise of the powers conferred by section 133 read with rule 7 of the Companies (Accounts) Rules, 2014. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) and the guidelines issued by the Securities and Exchange Board of India are also applied.

The financial statements have been prepared on accrual basis following historical cost convention, except for-

- certain financial assets and financial liabilities that are measured at fair value or amortised cost in accordance with Ind AS.
- defined benefit plans - plan assets measured at fair value.
- equity settled share based payments

Amounts in the financial statements are presented in Indian Rupees in crore rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013 unless otherwise stated.

The financial statements were approved by the Board of Directors and authorized for issue on 14 May 2025.

### 3 Significant accounting 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, and 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. The Company continually evaluates these estimates and assumptions based on the most recently available information. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable.

#### 3.1 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:

##### Leases

Ind AS 116 'Leases' provides for certain recognition exemptions for short term leases as well as provides for certain criteria when the lease contracts are non-enforceable. The determination of lease term for the purpose of availing such exemptions and evaluation of such criteria for non-enforceability of a contract involves significant judgement.

## Notes to the Financial Statements

### Capital work-in-progress

Project is construed as smallest group of assets having a common intended use. Group of assets in an integrated plant is treated as one project. The identification of project will require judgement and management needs to identify project based on facts of each case. Project identification is consistent with how management identifies and monitors progress on group of assets internally.

### Revenue recognition

The Company recognises revenue for each performance obligation either at a point in time or over a time. In case performance obligation is satisfied over a time, the output method is used to determine the revenue since it is faithfully depicting the Company's performance towards complete satisfaction of performance obligation. Practical expedient of "right to consideration" is also considered while recognising revenue in the amount to which the entity has right to invoice.

In case performance obligation is satisfied at a point in time, the Company generally recognises revenue when the control is transferred i.e. in case of goods either on shipment or upon delivery in domestic & on bill of lading date in case of export. In case of services, the revenue is recognised based on completion of distinct performance obligation. Refer material accounting policy Note 41.4.17 & Note 41.5.8 on revenue recognition for information about methods, input and assumptions w.r.t transaction price & variable consideration.



post-retirement medical benefit increase. 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 most sensitive parameter is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

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 are mainly based on expected future inflation rates for the country.

Further details about defined benefit obligations are provided in Note 41.5.9.

### Development costs

The Company capitalises development costs for a project in accordance with its accounting policy. Initially, capitalisation of costs is based on management's judgement that the technological and economic feasibility is confirmed when a product development project has reached a defined milestone, according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project and the expected period of benefits.

For further details about the carrying amount of development costs capitalised as internally generated intangible assets and as intangible assets under development, Refer Note 2.

### Warranty

The Company recognises provision for warranties in respect of the products that it sells. The estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidences based on actions on product failures.

### Deferred tax

Deferred tax assets are recognised for all deductible temporary differences including 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.

### 3.2 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 bases its assumptions and estimates on information available till the date of approval of these financial statements. The estimates and assumptions used, however may change based on future developments, due to market environment or due to circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions and estimates when they occur.

#### Defined benefit plans

The cost of the defined benefit plans and other post-employment benefits and the present value of the obligation are determined using actuarial valuation. 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, mortality rates and future

# Notes to the Financial Statements

## Business combinations

In accounting of Business Combinations, estimation is involved in recognising contingent consideration. This measurement is based on information available at the acquisition date and is based on expectations and assumptions that have been deemed reasonable by management.

Any subsequent changes to the fair value of contingent consideration classified as liabilities, other than measurement period adjustments, are recognised in the Statement of Profit and Loss.

## 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. The assumptions and models used for estimating fair value for share based payment transactions are disclosed in Note 41.5.19

## 4 Material accounting policies

### 4.1 Current vs. Non-current classification

The Company presents assets and liabilities in the Balance Sheet based on Current/Non-current classification.

#### An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as Non-current.

#### A liability is current when it is:

- Expected to be settled in normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

Deferred tax assets and liabilities are classified as Non-current assets and liabilities.

The Company classifies all other liabilities as Non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

### 4.2 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account 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 data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the 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.



## Notes to the Financial Statements

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing 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.

The Company's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value.

External valuation experts are involved for valuation of significant assets and liabilities. Involvement of external valuation experts is decided upon annually by the management.

Methods and assumptions used to estimate the fair values are consistently followed.

### 4.3 Property, plant and equipment

a Property, plant and equipment and capital work-in-progress are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Cost represents all expenses directly attributable to bringing the asset to its working condition capable of operating in the manner intended. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property,



plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the Property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred.

b Capital work-in-progress comprises cost of Property, plant and equipment that are not yet installed and not ready for their intended use at the Balance Sheet date.

c Own manufactured assets are capitalised at cost including an appropriate share of allocable expenses.

d Project is construed as smallest group of assets having a common intended use. Group of assets in an integrated plant is treated as one project. Project identification is consistent with how management identifies and monitors progress on group of assets internally.

e When temporary suspension is a necessary part of the process of getting an asset ready for its intended use, the project is not considered to have been temporarily suspended and the CWIP related to such projects should continue to be presented under 'Projects in progress'.

### Depreciation

Depreciation is charged on the basis of useful life of assets on straight line method which are as follows:

| Asset category                                            | Life (in years) | Basis for useful life                                                                             |
|-----------------------------------------------------------|-----------------|---------------------------------------------------------------------------------------------------|
| <b>Factory buildings</b>                                  | 30              | Life as prescribed under Schedule II of the Companies Act, 2013                                   |
| <b>Building- Non factory</b>                              |                 |                                                                                                   |
| RCC frame structure                                       | 60              |                                                                                                   |
| *Other than RCC frame structure                           | 30              |                                                                                                   |
| Fence, Wells, Tube wells                                  | 5               |                                                                                                   |
| <b>Building – Roads</b>                                   |                 |                                                                                                   |
| Carpeted roads- RCC                                       | 10              |                                                                                                   |
| Carpeted roads- Other than RCC                            | 5               |                                                                                                   |
| Non carpeted roads                                        | 3               |                                                                                                   |
| <b>Building - Temporary shed</b>                          | 3               |                                                                                                   |
| <b>* Plant &amp; Equipment other than pattern tooling</b> | 7.5 to 15       | Useful life based on Number of Shifts as prescribed under Schedule II of the Companies Act, 2013  |
| <b>Plant &amp; Equipment - Pattern tooling</b>            | 4               | Lower useful life considered based on past history of usage and supported by technical evaluation |
| <b>*Solar Power Plant</b>                                 | 25              | Higher useful life considered supported by technical evaluation                                   |

# Notes to the Financial Statements

| Asset category                                                         | Life (in years) | Basis for useful life                                                                             |
|------------------------------------------------------------------------|-----------------|---------------------------------------------------------------------------------------------------|
| <b>Computers</b>                                                       |                 |                                                                                                   |
| Network                                                                | 6               | Life as prescribed under Schedule II of the Companies Act, 2013                                   |
| End user devices, such as, desktops, etc.                              | 3               |                                                                                                   |
| *Laptops                                                               | 3 to 5          | Higher useful life considered based on past history of usage                                      |
| Servers                                                                | 4               | Lower useful life considered based on past history of usage and supported by technical evaluation |
| <b>Electrical installations</b>                                        | 10              | Life as prescribed under Schedule II of the Companies Act, 2013                                   |
| <b>*Furniture &amp; Fixture</b>                                        |                 |                                                                                                   |
| Furniture, fixtures and electrical fittings                            | 10              | Life as prescribed under Schedule II of the Companies Act, 2013                                   |
| Furniture, AC, Refrigerators and Water coolers - Residential premises  | 4               | Lower useful life considered based on past history of usage.                                      |
| AC, Refrigerators and Water coolers - Company and Guest house premises | 5               | Lower useful life considered based on past history of usage.                                      |
| <b>Office equipment</b>                                                | 5               | Life as prescribed under Schedule II of the Companies Act, 2013                                   |
| <b>*Vehicles</b>                                                       |                 |                                                                                                   |
| Motorcars, Jeep                                                        | 5               | Lower useful life considered based on past history of usage                                       |
| Trucks                                                                 | 5               |                                                                                                   |
| Other vehicles                                                         | 5               |                                                                                                   |
| <b>*Aircrafts</b>                                                      | 15              | Lower useful life considered based on past history of usage and supported by technical evaluation |

- Depreciation on additions is provided from the beginning of the month in which the asset is added.
- Depreciation on assets sold, discarded or demolished during the year is being provided at their respective rates on pro-rata basis up to the end of the month prior to the month in which such assets are sold, discarded or demolished.
- Foreign exchange fluctuation gain/loss on imported plant and equipment were capitalised in the cost of the respective fixed asset up to transition date of Ind AS. Depreciation on such additions is provided over the remaining useful life of the underlying plant and equipment.

\*The Company, based on technical assessments made by technical experts and management estimates depreciates certain items of plant and equipment; building; computers; furniture and fixtures; vehicles and aircraft over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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.

## 4.4 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 are recorded at the consideration paid for acquisition. In case of internally generated intangible assets, expenditure incurred in development phase, where it is reasonably certain that the outcome of development will be commercially exploited to yield future economic benefits to the Company, is considered as an intangible asset. Such developmental expenditure is capitalized at cost including a share of allocable expenses.

Other internally generated intangibles are not capitalised and the related expenditure is reflected in the Statement of Profit and Loss for the period in which expenditure is incurred.

## Notes to the Financial Statements

The useful lives of intangible assets are assessed as either finite or indefinite. The amortisation period and 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 are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with finite useful lives are amortised by using straight line method over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

| Sr No. | Asset category                           | Life (in years) |
|--------|------------------------------------------|-----------------|
| 1      | Computer Software                        | 5               |
| 2      | Drawings & Designs                       | 10              |
| 3      | Technical Knowhow - acquired             | 6               |
| 4      | Technical Knowhow - Internally generated | 3 to 5          |

Intangible assets with indefinite useful lives, if any are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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.

Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "Intangible assets under development".

### 4.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised till the month in which the asset is ready to use, as part of the cost of that asset. Other borrowing costs are recognised as expenses in the period in which these are incurred.

### 4.6 Impairment of non financial assets

The Company assesses at each Balance Sheet date whether there is any indication due to internal or external factors that an asset or a group of assets comprising a Cash Generating Unit (CGU) may be impaired. If any such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable

amount of the assets or the recoverable amount of the CGU to which the asset belongs is less than the carrying amount of the assets or the CGU as the case may be, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at any subsequent Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at recoverable amount subject to a maximum of depreciated historical cost and is accordingly reversed in the Statement of Profit and Loss. 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. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognised or relates to a change in the estimate of the recoverable amount in the previous periods.

### 4.7 Financial instruments – initial recognition and subsequent measurement

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. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

#### a. Financial assets

##### i 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 assets. However, trade receivables that do not contain a significant financing component are measured at transaction price.

##### ii Subsequent measurement of financial assets

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at fair value through profit or loss (FVTPL)

#### Financial assets at amortised cost :

##### A financial asset is measured at amortised cost if:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and

# Notes to the Financial Statements

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category is most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost by applying the effective interest rate ('EIR'). The amortised cost is calculated by taking into account any premium or discount on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

## - Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets, until they are derecognised or reclassified, are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income except for interest income, impairment gains or losses and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss.

## - Financial assets at fair value through profit or loss

A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

### Equity instrument :

Investment in equity instruments issued by subsidiary are measured at cost.

Investments in equity instruments issued by other than subsidiaries are classified as at FVTPL, unless the related instruments are not held for trading and the Company

irrevocably elects on initial recognition to present subsequent changes in fair value in Other comprehensive income.

In addition, the Company may elect to classify a financial asset, which otherwise meets amortised cost or fair value through other comprehensive income criteria, as at fair value through profit or loss. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

After initial measurement, such financial assets are subsequently measured at fair value with unrealised gains or losses recognised in the Statement of Profit and Loss.

## iii Derecognition of financial assets

A financial asset is derecognised when:

- the contractual rights to the cash flows from the financial asset expire,
- or
- The Company has transferred its contractual 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 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.



## Notes to the Financial Statements

### iv Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as

a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassifications and how they are accounted for:

| Original classification | Revised classification | Accounting treatment                                                                                                                                                                                                                                 |
|-------------------------|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Amortised cost          | FVTPL                  | Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in the Statement of Profit and Loss.                                                                                        |
| FVTPL                   | Amortised cost         | Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.                                                                                                                 |
| Amortised cost          | FVOCI                  | Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in other comprehensive income ('OCI'). No change in EIR due to reclassification.                                            |
| FVOCI                   | Amortised cost         | Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost. |
| FVTPL                   | FVOCI                  | Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.                                                                                                                                                |
| FVOCI                   | FVTPL                  | Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to Statement of Profit and Loss at the reclassification date.                                                                     |

### v 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.
- Financial assets that are debt instruments and are measured as at FVOCI
- Lease receivables under Ind AS 116
- Trade receivables under Ind AS 115

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables resulting from transactions within the scope of Ind AS 115, if they do not contain a significant financing component

- Trade receivables or contract assets resulting from transactions within the scope of Ind AS 115 that contain a significant financing component, if the Company applies practical expedient to ignore separation of time value of money, and
- All lease receivables resulting from transactions within the scope of Ind AS 116

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial

# Notes to the Financial Statements

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 on a financial instrument 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 Company 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 (including prepayment, extension, call and similar options) 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 Company 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.

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 in a separate line in the Statement of Profit and Loss as an impairment gain or loss. The Balance Sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contract assets and lease 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 derecognise impairment allowance from the gross carrying amount.

- Loan commitments: ECL is presented as a provision in the Balance Sheet, i.e. as a liability.

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

### i Initial recognition and measurement of financial liabilities

All financial liabilities are recognised initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are attributable to the issue of the financial liabilities.

### ii Subsequent measurement of financial liabilities

For purposes of subsequent measurement, financial liabilities are classified and measured as follows:

#### - Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. 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 upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only 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

## Notes to the Financial Statements

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. The Company has not designated any financial liability as at fair value through the Statement of Profit and Loss.

### - Loans and borrowings at amortised cost

This is the category most relevant to the Company. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the 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.

### iii Derecognition of financial liabilities

A financial liability (or a part of a financial liability) is derecognised from its 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.

### iv Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

### 4.8 Derivatives

Company uses derivative contracts to hedge its exposure against movements in foreign exchange rates. The use of derivative contracts is intended to reduce the risk or cost to the Company. Derivative contracts are not used for trading or speculation purpose.

All derivatives are measured at fair value through the profit or loss unless they form part of a qualifying cash flow hedge, in which case the fair value is taken to reserves and released into the Statement of Profit and Loss at the same time as the risks on the hedged instrument are recognised therein. Any hedge ineffectiveness will result in the relevant proportion of the fair value remaining in the Statement of Profit and Loss. Fair values are derived primarily from discounted cash-flow models, option-pricing models and from third-party quotes. Derivatives are carried as assets when their fair values are positive and as liabilities when their fair values are negative. All hedging activity is explicitly identified and documented by the Company.

### 4.9 Foreign currency transactions

#### a. Initial recognition

Foreign currency transactions are recorded in Indian currency (the "functional and presentation currency"), by applying the exchange rate between the Indian currency and the foreign currency at the date of the transaction.

#### b. Conversion

Current assets and current liabilities, secured loans, being monetary items, designated in foreign currencies are revalored at the rate prevailing on the date of Balance Sheet or forward contract rate or other appropriate rate.

#### c. Exchange differences

Exchange differences arising on the settlement and conversion of foreign currency transactions are recognised as income or as expenses in the year in which they arise, except in cases where they relate to the acquisition of qualifying assets, in which cases they were adjusted in the cost of the corresponding asset. Further, as per extant circulars issued by the Ministry of Corporate Affairs, eligible exchange difference on foreign currency loans utilized for acquisition of assets, was adjusted in the cost of the asset to be depreciated over the balance life of the asset up to transition date of Ind AS.

### 4.10 Leases

Lease is a contract that provides to the customer (lessee) the right to use an asset for a period of time in exchange for consideration.

# Notes to the Financial Statements

## a. Where the Company is a lessee

A lessee is required to recognise assets and liabilities for all leases and to recognise depreciation of leased assets separately from interest on lease liabilities in the Statement of Profit and Loss. The Company uses the practical expedient to apply the requirements of this standard to a portfolio of leases with similar characteristics if the effects on the financial statements of applying to the portfolio does not differ materially from applying the requirement to the individual leases within that portfolio.

However, when the lessee and the lessor each have the right to terminate the lease without permission from the other party with no more than an insignificant penalty the Company considers that lease to be no longer enforceable. Also according to Ind AS 116, for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value, the lessee is not required to recognise right-of-use asset and a lease liability. The Company applies both recognition exemptions. The lease payments associated with those leases are generally recognised as an expense on a straight-line basis over the lease term or another systematic basis if appropriate.

### Right-of-use assets

Right-of-use assets, which are included under Property, plant and equipment, are measured at cost less any accumulated depreciation and, if necessary, any accumulated impairment. The cost of a right-of-use asset comprises the present value of the outstanding lease payments plus any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset. In this context, the Company also applies the practical expedient that the payments for non-lease components are generally recognised as lease payments. If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated to the end of the lease term.

### Lease liabilities

Lease liabilities, which are assigned to financing liabilities, are measured initially at the present value of the lease payments. Subsequent

measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

### Lease modification

For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

## b. Where the Company is 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. Where the Company is a lessor under an operating lease, the asset is capitalised within Property, plant and equipment and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the term of the lease.

## 4.11 Inventories

- a Raw materials, components, stores and spares are valued at cost or net realisable value whichever is lower. Cost includes all cost of purchase and incidental expenses incurred in bringing the inventories to their present location and condition. Cost is ascertained using weighted average method.
- b Work-in-progress including finished components and finished goods are valued at cost or realisable value whichever is lower. Cost includes direct materials, labour costs and a proportion of manufacturing overheads based on the normal operating capacity.
- c Materials-in-transit and materials in bonded warehouse are valued at actual cost incurred up to the date of Balance Sheet.
- d Unserviceable, damaged and obsolete inventory is valued at cost or net realisable value whichever is lower.
- e Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.
- f Traded goods includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.



# Notes to the Financial Statements

## 4.12 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash which are subject to an insignificant risk of changes in value. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

## 4.13 Taxes

### Current income tax

Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities; on the basis of the taxable profits computed for the current accounting period in accordance with Income Tax Act, 1961. 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 in Other comprehensive income or directly in equity is recognised in other comprehensive income ('OCI') or in equity, respectively, and not in the Statement of Profit and Loss. The 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 provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax 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;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, 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 including, 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 arrangements, 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 the Statement of Profit and Loss is recognised outside the profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income 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 entity and the same taxation authority.

### Sales tax / Goods and Services tax ('GST')

Expenses and assets are recognised net of the amount of sales tax / GST, except:

- When the sales tax/GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax/GST is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

# Notes to the Financial Statements

- When receivables and payables are stated with the amount of sales tax/GST included.

The net amount of sales tax/GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

## 4.14 Non-current assets held for sale and discontinuing operations

### a Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate use in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

### b Discontinuing operations

Discontinuing operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Statement of Profit and Loss account.

Assets and liabilities classified as held for distribution are presented separately from other assets and liabilities in the Balance Sheet.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations,
  - Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations
- or
- Is a subsidiary acquired exclusively with a view to resale

An entity does not depreciate (or amortise) a Non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale.

## 4.15 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. Such benefits include salaries, wages, bonus, short term compensated absences, awards, exgratia, performance pay etc. and are recognised in the period in which the employee renders the related service.

### b Post-employment benefits

#### i Defined contribution plan

The Company makes payment to approved superannuation schemes, state government provident fund scheme and employee state insurance scheme which are defined contribution plans. The contribution paid/payable under the schemes is recognised in the Statement of Profit and Loss during the period in which the employee renders the related service. The Company has no further obligations under these schemes beyond its periodic contributions.

#### ii Defined benefit plan

The employee's gratuity fund scheme, pension, post-retirement medical and long term service award benefit schemes are Company's defined benefit plans. The present value of the obligation 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. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on a net basis.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the Statement of Profit and Loss in subsequent periods.

Past service costs are recognised in the Statement of Profit and Loss on the earlier of

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

# Notes to the Financial Statements

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

## c Other long term employment benefits

The employee's long term compensated absences are Company's other long term benefit plans. The present value of the obligation is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance Sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation, to recognise the obligation on a net basis.

In regard to other long term employment benefits, the Company recognises the net total of service costs; net interest on the net defined benefit liability (asset); and remeasurements of the net defined benefit liability (asset) in the Statement of Profit and Loss.

## d Termination benefits

Termination benefits such as compensation under voluntary retirement scheme are recognised in the Statement of Profit and Loss in the year in which termination benefits become payable or when the Company determines that it can no longer withdraw the offer of those benefits, whichever is earlier.



## 4.16 Provisions, contingencies and commitments

Necessary provisions are made for the present obligations that arise out of past events entailing future outflow of economic resources. Such provisions reflect best estimates based on available information.

However a disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

### Onerous contracts

A contract is considered to be onerous when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

Commitments are future liabilities for contractual expenditure, classified and disclosed as estimated amount of contracts remaining to be extracted on capital account and not provided for.

## 4.17 Revenue recognition

### Revenue from operations

#### a Sale of goods and services

The Company recognises revenue, when or as control over distinct goods or services is transferred to the customer; i.e. when the customer is able to direct the use of the transferred goods or rendering of services and obtains substantially all of the remaining benefits, provided a contract with enforceable rights and obligations exists and amongst others collectability of consideration is probable taking into account our customer's creditworthiness.

Revenue is the transaction price the Company expects to be entitled to. Variable consideration is included in the transaction price if it is highly probable that a significant reversal of revenue will not occur once associated uncertainties are resolved.

The variable consideration is constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when any uncertainty is subsequently resolved. The amount of variable consideration is calculated by either using the expected value or the most likely amount depending on which it is expected to better predict the amount of variable consideration.

Consideration is adjusted for the time value of money if the period between the transfer of goods or services and the receipt of payment exceeds twelve months and there is a significant financing benefit either to the customer or the Company.

Performance obligations are identified based on individual terms of contract. If a contract contains more than one distinct good or service, the transaction price is allocated to each performance obligation based on relative standalone selling prices. The Company reasonably estimates the standalone selling prices if such prices are not observable. For each performance obligations identified as above, the revenue is recognised either at a point in time or over time. When the Company's efforts or inputs are expended evenly throughout the performance period revenue is recognised on straight-line basis over time.

The incremental cost to obtain a contract are recognised as an asset if the Company expects to recover those cost over the period of contract. The Company recognises the incremental costs of obtaining a contract as an expense, when

# Notes to the Financial Statements

incurred, if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

In case of bill and hold arrangements, revenue is recognized when the company completes its performance obligation to transfer the control of the goods to the customer in accordance with the agreed upon specifications in the contract for which the customer has accepted the control. Such goods are identified and kept ready for delivery based on which revenue is recognised.

The Company completes its performance obligation to transfer the control of the goods to the customer in accordance with the agreed upon specifications in the contract for which customer accepts the same and confirms to the Company basis which criteria for bill and hold is met.

The Company has identified the goods as belonging to the customer and stored them separately in the factory premises until goods are cleared from the factory premises.

The goods are ready for physical transfer to the customer from the factory premises of the Company.

The Company cannot use the goods for any other purpose or to direct it to another customer.

The Company provides retrospective volume rebates to certain customers once the quantity of products purchased by them during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer and are reduced from revenue.

## b Contract balances

### Contract assets

The incremental cost to obtain a contract are recognised as an asset if the Company expects to recover those cost over the period of contract. The Company recognises the incremental costs of obtaining a contract as an expense, when incurred, if the amortisation period of the asset that the entity otherwise would have recognised is one year or less. Impairment loss (termed as provision for foreseeable losses in the financial statements) is recognised in Statement of Profit and Loss to the extent the carrying amount of the contract asset exceeds the remaining amount of consideration that the Company expects to receive towards remaining performance obligations (after deducting the costs that relate directly to fulfill such remaining performance obligations).

### Trade receivables

The amounts billed on customer for work performed and are unconditionally due for payment i.e. only passage of time is required before payment falls due, are disclosed in the Balance Sheet as trade receivables.

### Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised when the Company performs under the contract.

## 4.18 Other income

### a Interest income from financial assets

Interest income from financial assets is recognised using effective interest rate method.

### b Dividend income

Dividend income is recognised when the Company's right to receive the amount has been established.

### c Others

Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

## 4.19 Exceptional items

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as an exceptional item.

## 4.20 Government grants

Grants and subsidies from the government are recognised if the following conditions are satisfied,

- There is reasonable assurance that the Company will comply with the conditions attached to it.
- Such benefits are earned and reasonable certainty exists of the collection.

### a. Export incentives

Export incentives under various schemes notified by government are accounted for in the year of exports as grant related to income and is recognised as "Other operating income" in the Statement of Profit and Loss if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.



## Notes to the Financial Statements

### b. Industrial promotion subsidy

Government grants received with reference to Industrial promotion subsidy under Packaged Scheme of Incentives, 2001 is treated as grant related income and is recognised as other operating income in the Statement of Profit and Loss as per the appropriate recognition criteria.

### c. Export promotion capital goods

Government grants received with reference to export promotion capital goods scheme are initially recognised as deferred revenue and grant in proportion of export obligation achieved during the year is reduced from deferred revenue and recognised as "Other operating income" in the Statement of Profit and Loss.

#### 4.21 Cash 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 Companies Act, 2013, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions, if any, are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the Statement of Profit and Loss.

#### 4.22 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

#### 4.23 Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non cash nature and any deferral or accruals of past or future cash receipts or payments.

The cash flows from regular operating, investing and financing activities of the Company are segregated.

Cash and cash equivalents(including bank balances) shown in the Statement of Cash Flow exclude items which are not available for general use as at the date of the Balance Sheet.

#### 4.24 Share based payments

##### Equity settled share based payments

Employees of the Company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The Company recognises compensation expense relating to share based payments in accordance with Ind AS 102 Share based payment. Stock options granted by the Company to its employees are accounted as equity settled options. Accordingly, equity-settled share based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share based payments transactions are set out in Note 41.5.19. The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the Share based payments reserve.

#### 4.25 Segment reporting

##### a. Identification of segments

Operating segments are reported in a manner consistent with the internal reporting to the management.

##### b. Allocation of common costs

Common allocable costs are allocated to the reportable segment based on sales of reportable segment to the total sales of the Company.

##### c. Unallocated items

Corporate assets and liabilities, income and expenses which relate to the Company as a whole and are not allocable to segments, are included under other reconciling items.

# Notes to the Financial Statements

## 5 Additional notes to the Financial Statements

### 5.1 Contingent liabilities

| Particulars                                             | ₹ in Crores            |                        |
|---------------------------------------------------------|------------------------|------------------------|
|                                                         | As at<br>31 March 2025 | As at<br>31 March 2024 |
| i. Central Excise Demands                               | 20.09                  | 20.09                  |
| ii. Sales Tax and Goods & Service Tax Demands           | 2.48                   | 5.83                   |
| iii. Customs Duty Demands                               | 0.00                   | 0.00                   |
| iv. Income Tax Demands                                  | 7.32                   | 7.32                   |
| v. Claims against the Company not acknowledged as debts | 54.00                  | 55.31                  |

### 5.2 Other Contingent liabilities

| Particulars                                                                                                                                                                                        | ₹ in Crores            |                        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
|                                                                                                                                                                                                    | As at<br>31 March 2025 | As at<br>31 March 2024 |
| Aggregate amount of such letters of credit outstanding (Charge of hypothecation referred to in Note 24 for working capital facilities extends to letter of credit issued by the Company's bankers) | 11.87                  | 19.08                  |
| Aggregate liquidated damages on unexecuted orders                                                                                                                                                  | 11.27                  | 1.77                   |

### 5.3 Capital commitment

| Particulars                                                                                                      | ₹ in Crores            |                        |
|------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
|                                                                                                                  | As at<br>31 March 2025 | As at<br>31 March 2024 |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 184.04                 | 118.56                 |

### 5.4 Other Commitments

5.4.1 The Company has given letter of comfort/undertaking to one of the step-down subsidiary's bankers for credit facilities availed by that step-down subsidiary. As per the terms of letter of comfort/undertaking, the Company undertakes not to divest its ownership interest directly or indirectly in the step-down subsidiary beyond specified percentage.

5.4.2 The Company has incorporated Kirloskar International ME FZE as a wholly owned subsidiary company w.e.f. 7 January 2025 wherein the Company have decided to keep the initial investment upto ₹ 1.50 Crores.

### 5.5 Payment to Auditors (net of taxes)

| Sr No.   | Particulars                               | ₹ in Crores |             |
|----------|-------------------------------------------|-------------|-------------|
|          |                                           | 2024-25     | 2023-24     |
| <b>a</b> | <b>Statutory Auditors</b>                 |             |             |
| i        | As auditors                               |             |             |
|          | Audit fees                                | 0.41        | 0.41        |
|          | Limited review                            | 0.07        | 0.07        |
|          | <b>Total (i)</b>                          | <b>0.48</b> | <b>0.48</b> |
| ii       | Certification fees and assurance services | 0.02        | 0.03        |
| iii      | Reimbursement of expenses                 | 0.01        | 0.02        |
|          | <b>Total (a) = [(i)+(ii)+(iii)]</b>       | <b>0.51</b> | <b>0.53</b> |
| <b>b</b> | <b>Cost Auditors</b>                      |             |             |
| i        | As auditors                               | 0.08        | 0.08        |
| ii       | In other capacity                         |             |             |
|          | Certification fees                        | -           | -           |
| iii      | Reimbursement of expenses                 | 0.00        | 0.00        |
|          | <b>Total (b)</b>                          | <b>0.08</b> | <b>0.08</b> |
|          | <b>Total (a+b)</b>                        | <b>0.59</b> | <b>0.61</b> |

## Notes to the Financial Statements

5.6 The Sales for the current year includes an amount of ₹ 1.31 Crores (31 March 2024 : ₹ 0.36 Crores) on account of supplies to SEZ.

5.7 The Company has amounts due to suppliers under "The Micro, Small and Medium Enterprises Development Act 2006" (MSMED Act) as at 31 March 2025 and as at 31 March 2024. The disclosure pursuant to the said Act is as under:

| ₹ in Crores                                                                                  |         |         |
|----------------------------------------------------------------------------------------------|---------|---------|
| Particulars                                                                                  | 2024-25 | 2023-24 |
| Principal outstanding to MSME suppliers                                                      | 90.34   | 111.10  |
| Payment made to suppliers ( other than interest ) beyond the appointed day , during the year | 0.41    | 0.02    |
| Interest due and payable to suppliers under MSMED Act , for the payments already made        | 0.01    | 0.00    |
| Interest due on principal amount remaining unpaid as on year end date                        | 0.00    | 0.00    |
| Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act    | 0.27    | 0.26    |

### 5.8 Revenue recognition

#### a. Disaggregation of revenue

Set out below is the disaggregation of the Company's revenue from contracts with its customers:

| ₹ in Crores                         |                 |               |                 |
|-------------------------------------|-----------------|---------------|-----------------|
| For the year ended 31 March 2025    | B2B             | B2C           | Total           |
| <b>Business</b>                     |                 |               |                 |
| Power Gen Business                  | 1,968.85        | -             | 1,968.85        |
| Industrial Business                 | 1,132.81        | -             | 1,132.81        |
| Distribution & Aftermarket Business | 842.97          | -             | 842.97          |
| International Business              | 488.40          | 48.89         | 537.29          |
| Water Management Solutions          | -               | 542.36        | 542.36          |
| Farm Mechanisation Solutions        | -               | 48.43         | 48.43           |
| <b>Total</b>                        | <b>4,433.03</b> | <b>639.68</b> | <b>5,072.71</b> |

| ₹ in Crores                         |                 |               |                 |
|-------------------------------------|-----------------|---------------|-----------------|
| For the year ended 31 March 2024    | B2B             | B2C           | Total           |
| <b>Business</b>                     |                 |               |                 |
| Power Gen Business                  | 1,905.46        | -             | 1,905.46        |
| Industrial Business                 | 1,008.00        | -             | 1,008.00        |
| Distribution & Aftermarket Business | 748.91          | -             | 748.91          |
| International Business              | 519.66          | 29.32         | 548.98          |
| Water Management Solutions          | -               | 507.66        | 507.66          |
| Farm Mechanisation Solutions        | -               | 87.34         | 87.34           |
| <b>Total</b>                        | <b>4,182.03</b> | <b>624.32</b> | <b>4,806.35</b> |

#### b. Revenue recognised in relation to contract liabilities

##### Movement of contract liabilities

| ₹ in Crores                                        |               |               |
|----------------------------------------------------|---------------|---------------|
| Particulars                                        | 31 March 2025 | 31 March 2024 |
| Contract liabilities at the beginning of the year  | 71.67         | 69.19         |
| Add / (Less):                                      |               |               |
| Consideration received during the year as advance  | 199.57        | 126.44        |
| Written off/refund/cancellation                    | (0.15)        | (2.20)        |
| Revenue recognised from contract liability *       | (119.03)      | (121.77)      |
| <b>Contract liabilities at the end of the year</b> | <b>152.06</b> | <b>71.67</b>  |

\* Includes revenue of ₹ 38.34 Crores ( 31 March 2024 : ₹ 45.05 Crores ) during the year from its contract liabilities as on 1 April 2024. Contract liabilities are presented in Note 23 & Note 28 as "Advance from customer" and "Revenue received in advance."

#### c. Information about performance obligation

- The Company is mainly in the business of manufacturing and trading of engines, gensets and related spares. The Company also provides after sales services such as annual maintenance contract, extended warranty etc.

# Notes to the Financial Statements

## 5.8 Revenue recognition (Contd..)

- ii The Company generally recognises revenue in case of goods, when the performance obligation is satisfied at a point in time when the control is transferred i.e. either on shipment or upon delivery as per the terms of contracts in domestic and in case of export on the date of bill of lading.

In case of services, where performance obligation is satisfied at a point in time, revenue is generally recognised upon completion of services and on obtaining work completion certificates from the customers. In contracts under which performance obligation satisfied over a period of time, revenue is generally recognised either according to stage of completion or on straight line basis depending upon the type of services provided. The stage of completion is determined based on the contractual terms.

When the Company's efforts or inputs are expended evenly throughout the performance period revenue is recognised on straight-line basis.

The payment is due from the date of invoice and payment terms are generally in the range of 0 to 90 days depending on product/market segment and market channel excluding some exceptions.

- iii The Company provides to its customers warranties in the forms of repairs or replacement warranty under its standard terms and recognises it as warranty provision as per Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets"

### d. Unsatisfied performance obligations as at the end of the year:

As on 31 March 2025, the Company has unsatisfied performance obligations of ₹ 182.05 Crores (31 March 2024 : ₹ 91.61 Crores). The Company expects that ₹ 67.01 Crores will be recognised as revenue in financial year 2025-26 and remaining in subsequent years based on contractual terms.

### e. Asset recognised for cost incurred to obtain a contract and cost incurred to fulfil contract

As on 31 March 2025, the Company has recognised an asset of ₹ 2.99 Crores (31 March 2024 : ₹ 4.40 Crores) for cost incurred to obtain and fulfil the contracts. The asset recognised is included in Note 15 Other current asset : Prepaid expenses.

### f. Reconciliation of the Company's revenue from contract with customers and contract price :

| Particulars                                                         | ₹ in Crores     |                 |
|---------------------------------------------------------------------|-----------------|-----------------|
|                                                                     | 2024-2025       | 31 March 2024   |
| Contract price                                                      | 5,140.91        | 4,877.37        |
| Adjustment for :                                                    |                 |                 |
| Contract liabilities: Discounts, incentives & late delivery charges | (68.20)         | (71.02)         |
| <b>Revenue from contracts with customers</b>                        | <b>5,072.71</b> | <b>4,806.35</b> |

## 5.9 Employee Benefit Plans

### A. Defined contribution plans:

Amount of ₹ 17.97 Crores (31 March 2024: ₹ 14.07 Crores) is recognised as expense and included in Note 35 "Employee benefits expense"

### B. Defined benefit plans:

The Company has following post employment benefits which are in the nature of defined benefit plans:

- (a) Gratuity
- (b) Pension, Post retirement medical scheme and Long-term award scheme



# Notes to the Financial Statements

## 5.9 Employee Benefit Plans (Contd...)

### 31 March 2025 : Changes in defined benefit obligation and plan assets

| Particulars                                                                  | 1 April 2024   | Cost charged to Statement of Profit and Loss |                      |                                                              | Benefit paid | Re-measurement gains/(losses) in other comprehensive income                |                                                                   |                                                                 |                        |                           | Contributions by employer | 31 March 2025  |
|------------------------------------------------------------------------------|----------------|----------------------------------------------|----------------------|--------------------------------------------------------------|--------------|----------------------------------------------------------------------------|-------------------------------------------------------------------|-----------------------------------------------------------------|------------------------|---------------------------|---------------------------|----------------|
|                                                                              |                | Service cost                                 | Net interest expense | Sub-total included in statement of profit and loss (Note 35) |              | Return on plan assets (excluding amounts included in net interest expense) | Actuarial changes arising from changes in demographic assumptions | Actuarial changes arising from changes in financial assumptions | Experience adjustments | Sub-total included in OCI |                           |                |
| <b>a) Gratuity</b>                                                           |                |                                              |                      |                                                              |              |                                                                            |                                                                   |                                                                 |                        |                           |                           |                |
| Defined benefit obligation                                                   | (61.62)        | (7.32)                                       | (4.21)               | (11.53)                                                      | 6.36         | -                                                                          | -                                                                 | (2.64)                                                          | (1.51)                 | (4.15)                    | -                         | (70.92)        |
| Fair value of plan assets                                                    | 51.91          | -                                            | 3.73                 | 3.73                                                         | (6.32)       | -                                                                          | -                                                                 | (0.16)                                                          | 0.23                   | 0.07                      | 6.00                      | 55.38          |
| <b>Benefit/(liability)</b>                                                   | <b>(9.71)</b>  | <b>(7.32)</b>                                | <b>(0.48)</b>        | <b>(7.80)</b>                                                | <b>0.04</b>  | <b>-</b>                                                                   | <b>-</b>                                                          | <b>(2.80)</b>                                                   | <b>(1.28)</b>          | <b>(4.07)</b>             | <b>6.00</b>               | <b>(15.54)</b> |
| <b>b) Pension, Post retirement medical scheme and Long-term award scheme</b> |                |                                              |                      |                                                              |              |                                                                            |                                                                   |                                                                 |                        |                           |                           |                |
| Defined benefit obligation                                                   | (2.83)         | (0.03)                                       | (0.19)               | (0.22)                                                       | 0.28         | -                                                                          | -                                                                 | (0.06)                                                          | 0.18                   | 0.12                      | -                         | (2.65)         |
| Fair value of plan assets                                                    | -              | -                                            | -                    | -                                                            | -            | -                                                                          | -                                                                 | -                                                               | -                      | -                         | -                         | -              |
| <b>Benefit/(liability)</b>                                                   | <b>(2.83)</b>  | <b>(0.03)</b>                                | <b>(0.19)</b>        | <b>(0.22)</b>                                                | <b>0.28</b>  | <b>-</b>                                                                   | <b>-</b>                                                          | <b>(0.06)</b>                                                   | <b>0.18</b>            | <b>0.12</b>               | <b>-</b>                  | <b>(2.65)</b>  |
| <b>Total benefit/(liability)</b>                                             | <b>(12.54)</b> | <b>(7.35)</b>                                | <b>(0.67)</b>        | <b>(8.02)</b>                                                | <b>0.32</b>  | <b>-</b>                                                                   | <b>-</b>                                                          | <b>(2.86)</b>                                                   | <b>(1.10)</b>          | <b>(3.95)</b>             | <b>6.00</b>               | <b>(18.19)</b> |

### 31 March 2024 : Changes in defined benefit obligation and plan assets

| Particulars                                                                  | 1 April 2023   | Cost charged to Statement of Profit and Loss |                      |                                                              | Benefit paid | Re-measurement gains/(losses) in other comprehensive income                |                                                                   |                                                                 |                        |                           | Contributions by employer | 31 March 2024  |
|------------------------------------------------------------------------------|----------------|----------------------------------------------|----------------------|--------------------------------------------------------------|--------------|----------------------------------------------------------------------------|-------------------------------------------------------------------|-----------------------------------------------------------------|------------------------|---------------------------|---------------------------|----------------|
|                                                                              |                | Service cost                                 | Net interest expense | Sub-total included in statement of profit and loss (Note 35) |              | Return on plan assets (excluding amounts included in net interest expense) | Actuarial changes arising from changes in demographic assumptions | Actuarial changes arising from changes in financial assumptions | Experience adjustments | Sub-total included in OCI |                           |                |
| <b>a) Gratuity</b>                                                           |                |                                              |                      |                                                              |              |                                                                            |                                                                   |                                                                 |                        |                           |                           |                |
| Defined benefit obligation                                                   | (55.76)        | (5.59)                                       | (3.91)               | (9.50)                                                       | 7.24         | -                                                                          | 0.30                                                              | (1.37)                                                          | (2.54)                 | (3.61)                    | -                         | (61.62)        |
| Fair value of plan assets                                                    | 45.58          | -                                            | 3.52                 | 3.52                                                         | (7.24)       | -                                                                          | -                                                                 | 0.14                                                            | (0.19)                 | (0.05)                    | 10.10                     | 51.91          |
| <b>Benefit/(liability)</b>                                                   | <b>(10.18)</b> | <b>(5.59)</b>                                | <b>(0.38)</b>        | <b>(5.97)</b>                                                | <b>-</b>     | <b>-</b>                                                                   | <b>0.30</b>                                                       | <b>(1.23)</b>                                                   | <b>(2.74)</b>          | <b>(3.66)</b>             | <b>10.10</b>              | <b>(9.71)</b>  |
| <b>b) Pension, Post retirement medical scheme and Long-term award scheme</b> |                |                                              |                      |                                                              |              |                                                                            |                                                                   |                                                                 |                        |                           |                           |                |
| Defined benefit obligation                                                   | (2.95)         | (0.03)                                       | (0.21)               | (0.24)                                                       | 0.30         | -                                                                          | -                                                                 | (0.05)                                                          | 0.10                   | 0.05                      | -                         | (2.83)         |
| Fair value of plan assets                                                    | -              | -                                            | -                    | -                                                            | -            | -                                                                          | -                                                                 | -                                                               | -                      | -                         | -                         | -              |
| <b>Benefit/(liability)</b>                                                   | <b>(2.95)</b>  | <b>(0.03)</b>                                | <b>(0.21)</b>        | <b>(0.24)</b>                                                | <b>0.30</b>  | <b>-</b>                                                                   | <b>-</b>                                                          | <b>(0.05)</b>                                                   | <b>0.10</b>            | <b>0.05</b>               | <b>-</b>                  | <b>(2.83)</b>  |
| <b>Total benefit/(liability)</b>                                             | <b>(13.13)</b> | <b>(5.61)</b>                                | <b>(0.59)</b>        | <b>(6.21)</b>                                                | <b>0.30</b>  | <b>-</b>                                                                   | <b>0.30</b>                                                       | <b>(1.28)</b>                                                   | <b>(2.63)</b>          | <b>(3.61)</b>             | <b>10.10</b>              | <b>(12.54)</b> |

# Notes to the Financial Statements

## 5.9 Employee Benefit Plans (Contd..)

### C. Other long-term employment benefits

The Company has Compensated absences plan which is covered by other long-term employment benefits

#### 31 March 2025 : Changes in defined benefit obligation and plan assets of compensated absences

₹ in Crores

| Particulars                 | 1 April 2024   | Cost charged to Statement of Profit and Loss |               |                                                    |                                                              | Benefit paid | Contributions by employer | 31 March 2025  |
|-----------------------------|----------------|----------------------------------------------|---------------|----------------------------------------------------|--------------------------------------------------------------|--------------|---------------------------|----------------|
|                             |                | Service cost*                                | Interest cost | Actuarial changes arising from various assumptions | Sub-total included in Statement of Profit and Loss (Note 35) |              |                           |                |
| <b>Compensated absences</b> |                |                                              |               |                                                    |                                                              |              |                           |                |
| Defined benefit obligation  | (33.93)        | 3.35                                         | (2.33)        | 1.93                                               | 2.95                                                         | 2.99         | -                         | (27.99)        |
| Fair value of plan assets   | -              | -                                            | -             | -                                                  | -                                                            | -            | -                         | -              |
| <b>Benefit/(liability)</b>  | <b>(33.93)</b> | <b>3.35</b>                                  | <b>(2.33)</b> | <b>1.93</b>                                        | <b>2.95</b>                                                  | <b>2.99</b>  | <b>-</b>                  | <b>(27.99)</b> |

\*The leave encashment policy has been revised from 1 October 2024 wherein the salary considered for encashment has been changed from gross to basic for some of the grades.

#### 31 March 2024 : Changes in defined benefit obligation and plan assets of compensated absences

₹ in Crores

| Particulars                 | 1 April 2023   | Cost charged to Statement of Profit and Loss |               |                                                    |                                                              | Benefit paid | Contributions by employer | 31 March 2024  |
|-----------------------------|----------------|----------------------------------------------|---------------|----------------------------------------------------|--------------------------------------------------------------|--------------|---------------------------|----------------|
|                             |                | Service cost                                 | Interest cost | Actuarial changes arising from various assumptions | Sub-total included in Statement of Profit and Loss (Note 35) |              |                           |                |
| <b>Compensated absences</b> |                |                                              |               |                                                    |                                                              |              |                           |                |
| Defined benefit obligation  | (31.74)        | (3.62)                                       | (2.15)        | (2.64)                                             | (8.41)                                                       | 6.22         | -                         | (33.93)        |
| Fair value of plan assets   | -              | -                                            | -             | -                                                  | -                                                            | -            | -                         | -              |
| <b>Benefit/(liability)</b>  | <b>(31.74)</b> | <b>(3.62)</b>                                | <b>(2.15)</b> | <b>(2.64)</b>                                      | <b>(8.41)</b>                                                | <b>6.22</b>  | <b>-</b>                  | <b>(33.93)</b> |

### D. Other disclosures

For Gratuity, the major categories of plan assets and the percentage that each major category constitutes of the fair value of the total plan assets are as follows:

| Particulars                         | 31 March 2025 | 31 March 2024 |
|-------------------------------------|---------------|---------------|
| Insured managed funds (₹ in Crores) | 55.38         | 51.91         |
| (%) of total plan assets            | 100%          | 100%          |

The principal assumptions used in determining above defined benefit obligations for the Company's plans are shown below:

| Particulars                                                        | 31 March 2025 | 31 March 2024 |
|--------------------------------------------------------------------|---------------|---------------|
| Discount rate                                                      | 6.70%         | 7.20%         |
| Future salary increase                                             | 7.00%-10.00%  | 7.00%-10.00%  |
| Expected rate of return on plan assets                             | 7.20%         | 7.50%         |
| <b>Expected average remaining working lives (in years)</b>         |               |               |
| Gratuity                                                           | 9.41          | 9.85          |
| Pension, Post retirement medical scheme and Long-term award scheme | 7.59 - 8.33   | 7.51 - 9.22   |
| Compensated Absences                                               | 9.41          | 9.85          |

## Notes to the Financial Statements

### 5.9 Employee Benefit Plans (Contd..)

| Particulars                                                        | 31 March 2025 | 31 March 2024 |
|--------------------------------------------------------------------|---------------|---------------|
| <b>Withdrawal rate (based on grade and age of employees)</b>       |               |               |
| Gratuity                                                           | 0%-12%        | 0%-12%        |
| Pension, Post retirement medical scheme and Long-term award scheme | 0.00%         | 0.00%         |
| Compensated Absences                                               | 0%-12%        | 0%-12%        |

A quantitative sensitivity analysis for significant assumptions is as shown below:

#### Gratuity

|                        |                   | ₹ in Crores                                                  |               |
|------------------------|-------------------|--------------------------------------------------------------|---------------|
| Particulars            | Sensitivity level | (Increase) / Decrease in defined benefit obligation (Impact) |               |
|                        |                   | 31 March 2025                                                | 31 March 2024 |
| Discount rate          | 1% Increase       | 5.11                                                         | 4.38          |
|                        | 1% Decrease       | (5.84)                                                       | (4.97)        |
| Future salary increase | 1% Increase       | (4.98)                                                       | (4.27)        |
|                        | 1% Decrease       | 4.48                                                         | 3.85          |
| Withdrawal rate        | 1% Increase       | 0.61                                                         | 0.41          |
|                        | 1% Decrease       | (0.68)                                                       | (0.44)        |

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

#### Pension, Post retirement medical scheme and Long-term award scheme

|                 |                   | ₹ in Crores                                                  |               |
|-----------------|-------------------|--------------------------------------------------------------|---------------|
| Particulars     | Sensitivity level | (Increase) / Decrease in defined benefit obligation (Impact) |               |
|                 |                   | 31 March 2025                                                | 31 March 2024 |
| Discount rate   | 1% Increase       | 0.11                                                         | 0.14          |
|                 | 1% Decrease       | (0.13)                                                       | (0.12)        |
| Withdrawal rate | 1% Increase       | 0.00                                                         | (0.00)        |
|                 | 1% Decrease       | -                                                            | -             |

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The followings are the expected future benefit payments for the defined benefit plan :

|                                                                    |  | ₹ in Crores   |               |
|--------------------------------------------------------------------|--|---------------|---------------|
| Particulars                                                        |  | 31 March 2025 | 31 March 2024 |
| <b>Within the next 12 months (next annual reporting period)</b>    |  |               |               |
| Gratuity                                                           |  | 8.24          | 8.10          |
| Pension, Post retirement medical scheme and Long-term award scheme |  | 0.35          | 0.26          |
| <b>Between 2 and 5 years</b>                                       |  |               |               |
| Gratuity                                                           |  | 25.80         | 23.56         |
| Pension, Post retirement medical scheme and Long-term award scheme |  | 1.31          | 1.05          |
| <b>Beyond 5 years</b>                                              |  |               |               |
| Gratuity                                                           |  | 39.28         | 26.47         |
| Pension, Post retirement medical scheme and Long-term award scheme |  | 1.36          | 1.14          |
| <b>Total expected payments</b>                                     |  | <b>76.34</b>  | <b>60.58</b>  |

# Notes to the Financial Statements

## 5.9 Employee Benefit Plans (Contd..)

Weighted average duration of defined plan obligation (based on discounted cash flows) (in years):

| Particulars                                                        | 31 March 2025 | 31 March 2024 |
|--------------------------------------------------------------------|---------------|---------------|
| Gratuity                                                           | 9.21          | 9.49          |
| Pension, Post retirement medical scheme and Long-term award scheme | 6.06 - 7.91   | 5.75 - 8.84   |

The followings are the expected contributions to planned assets for the next year:

| Particulars | 31 March 2025 | 31 March 2024 |
|-------------|---------------|---------------|
| Gratuity    | 10.00         | 10.00         |

₹ in Crores

## Risk Exposure

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

- Discount rate risk:** Variations in the discount rate used to compute the present value of the liabilities may see small, but in practise can have a significant impact on the defined benefit liabilities.
- 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 uncertainties in estimating this increasing risk.
- 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 neutralize valuation swings caused by interest rate movements.
- Asset risks:** Plan assets are maintained in a self-managed trust fund managed by a public sector insurer viz. Life Insurance Corporation ("LIC") and partly managed by private sector insurers.

LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years. The Company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Company has no control over the management of funds but this option provides a high level of safety for the total corpus and the interest rate and inflation risk are also taken care of.

With other private insurers, the Company has opted for a unit-linked fund which is market linked with options to invest in equity funds. The Company has the option to structure the portfolio based on its risk appetite providing an opportunity to earn market linked returns. But there is an investment risk here which is borne by the Company.

A single account is maintained for both investment and claim settlement and hence 100% liquidity is ensured.

- 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 in adverse circumstances. Funding the plan removes volatility from the balance sheet and better manages defined benefit risk through increased returns.

## Funding policy

There is no compulsion on the part of the Company to fully prefund the liability of the Gratuity Plan. The Company's philosophy is to fund these benefits based on its own liquidity and the level of underfunding of the plan.

- The Company mainly operates in the business of manufacturing of Engines wherein two customer based reportable segments have been identified namely - Business to Business ("B2B") and Business to Customer ("B2C"). However, as per para 4 of Ind AS 108 "Operating Segments", the Company is required to disclose segment information only in the Consolidated Financial Statements. Accordingly, disclosure of this information has been included under Consolidated Financial Statements.**



## Notes to the Financial Statements

5.11 Related parties have been identified as defined under Clause 9 of Indian Accounting Standard (Ind AS 24) “Related Party Disclosures” and Regulation 34 (3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder

**a Description of related parties**

**i Name of the related party and nature of relationship where control exists:**

| Sr No. | Nature of Relationship                                                                                                                         | Name of Related Party                                                                                                                                                 |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1      | Entities controlled by the Company (the Company controlling > 50% of voting power)                                                             | Kirloskar Americas Corporation (KAC), USA (wholly owned subsidiary of the Company)                                                                                    |
|        |                                                                                                                                                | La-Gajjar Machineries Private Limited (LGM), Ahmedabad (wholly owned subsidiary of the Company)*                                                                      |
|        |                                                                                                                                                | Optiqua Pipes and Electricals Private Limited (OPEPL), Ahmedabad (wholly owned subsidiary of LGM and step-down subsidiary of the Company)(upto 25 March 2024 )*       |
|        |                                                                                                                                                | Arka Financial Holdings Private Limited (AFHPL) , Mumbai (wholly owned subsidiary of the Company)                                                                     |
|        |                                                                                                                                                | Arka Fincap Limited (AFL), Mumbai ( step-down subsidiary of the Company )                                                                                             |
|        |                                                                                                                                                | Arka Investment Advisory Services Private Limited (AIASPL), Mumbai (wholly owned subsidiary of AFHPL and step-down subsidiary of the Company)                         |
|        |                                                                                                                                                | Engines LPG, LLC dba Wildcat Power Gen,USA (wholly owned subsidiary of KAC and step-down subsidiary of the Company w.e.f. 29 November 2023)                           |
| 2      | Associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member) | Kirloskar International ME FZE, UAE (wholly owned subsidiary of the Company w.e.f. 7 January 2025)                                                                    |
|        |                                                                                                                                                | ESVA Pumps India Private Limited (ESVA), Coimbatore (Joint Venture of OPEPL upto 25 March 2024 and Joint Venture of LGM w.e.f. 26 March 2024 upto 28 September 2024)* |
| 3      | Entities controlled by Key Managerial Personnel                                                                                                | Beluga Whale Capital Management Pte Limited                                                                                                                           |
| 4      | Entities controlled by Close Member of Key Managerial Personnel                                                                                | Snow Leopard Technology Ventures LLP                                                                                                                                  |
|        |                                                                                                                                                | Kirloskar Energen Private Limited (upto 11 March 2025)                                                                                                                |
|        |                                                                                                                                                | Kirloskar Solar Technologies Private Limited                                                                                                                          |
|        |                                                                                                                                                | Navsai Opportunities Private Limited (formerly known as Navsai Investments Private Limited- name change w.e.f. 22 February 2025)                                      |
|        |                                                                                                                                                | Gumtree Capital Advisors LLP                                                                                                                                          |
|        |                                                                                                                                                | Snow Leopard Infrastructure-1 LLP                                                                                                                                     |
|        |                                                                                                                                                | Snow Leopard Lever Boost LLP                                                                                                                                          |
|        |                                                                                                                                                | Cephlopod Teknik - IV LLP (upto 22 March 2024)                                                                                                                        |
|        |                                                                                                                                                | Cephlopod Teknik - V LLP (upto 24 March 2025)                                                                                                                         |
|        |                                                                                                                                                | Binaza Consult Private Limited (earlier known as Binaza Travels Private Limited) (w.e.f. 31 August 2023)                                                              |
|        |                                                                                                                                                | Indifour Consult Private Limited (w.e.f. 27 April 2023)                                                                                                               |
|        |                                                                                                                                                | Alotoxl Ventures LLP (w.e.f. 10 May 2023)                                                                                                                             |
|        |                                                                                                                                                | Cephlopod Teknik VI LLP (w.e.f. 4 March 2024 upto 24 March 2025)                                                                                                      |
|        |                                                                                                                                                | Paragon Greensutra Private Limited (w.e.f. 8 September 2023)                                                                                                          |
|        |                                                                                                                                                | Cephlopod Teknik - VII LLP (w.e.f. 3 October 2024)                                                                                                                    |

# Notes to the Financial Statements

5.11 Related parties have been identified as defined under Clause 9 of Indian Accounting Standard (Ind AS 24) "Related Party Disclosures" and Regulation 34 (3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder (Contd..)

| Sr No. | Nature of Relationship                                         | Name of Related Party                                                                                                                                                                                                                                                                                                                                                                      |
|--------|----------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5      | Promoter/Promoter group which hold(s) 10% or more shareholding | Atul Kirloskar<br>Rahul Kirloskar                                                                                                                                                                                                                                                                                                                                                          |
| 6      | Post-employment benefit plan of the Company                    | Kirloskar Oil Engines Limited Employees' Group Gratuity Fund<br>Kirloskar Oil Engines Limited Employees' Gratuity Trust<br>Kirloskar Oil Engines Limited Officers' Superannuation Scheme<br>Kirloskar Oil Engines Limited Officers' Superannuation Trust<br>Kirloskar Oil Engines Limited Employees' Welfare Trust<br>La-Gajjar Machineries Private Limited Employees Group Gratuity Trust |

\*(Refer Note 43 for details of termination of JV arrangement during the year and details of amalgamation of LGM and OPEPL during the previous year. The amounts for previous year relating to OPEPL have been regrouped and included in LGM accordingly).

## ii Key Managerial Personnel and their relatives:

| Sr No. | Name                                | Name of relatives                                                                         | Relationship                                        |
|--------|-------------------------------------|-------------------------------------------------------------------------------------------|-----------------------------------------------------|
| 1      | Gauri Kirloskar (Managing Director) | Atul Kirloskar<br>Arti Kirloskar<br>Christopher Kolenaty<br>Maya Kolenaty<br>Pia Kolenaty | Father<br>Mother<br>Husband<br>Daughter<br>Daughter |

## b Transactions with related parties

₹ in Crores

| Sr No. | Nature of the transaction / relationship / name of parties           | 2024-25 |        | 2023-24 |        |
|--------|----------------------------------------------------------------------|---------|--------|---------|--------|
|        |                                                                      | Amount  | Amount | Amount  | Amount |
| 1      | <b>Sales</b>                                                         |         |        |         |        |
|        | <b>Subsidiary Company (including step-down subsidiary)</b>           | 41.93   |        | 24.53   |        |
|        | Kirloskar Americas Corporation                                       |         | 18.55  |         | 17.49  |
|        | Engines LPG, LLC dba Wildcat Power Gen                               |         | 23.38  |         | 7.04   |
|        | <b>Total</b>                                                         | 41.93   | 41.93  | 24.53   | 24.53  |
| 2      | <b>Purchases of goods</b>                                            |         |        |         |        |
|        | <b>Subsidiary Company</b>                                            | 61.19   |        | 73.07   |        |
|        | La-Gajjar Machineries Private Limited                                |         | 61.19  |         | 73.07  |
|        | <b>Associate or joint venture of Subsidiary Company</b>              | 9.02    |        | 76.21   |        |
|        | ESVA Pumps India Private Limited                                     |         | 9.02   |         | 76.21  |
|        | <b>Entity controlled by Close Member of Key Managerial Personnel</b> | 0.29    |        | 0.18    |        |
|        | Kirloskar Solar Technologies Private Limited                         |         | 0.29   |         | 0.18   |
|        | <b>Total</b>                                                         | 70.50   | 70.50  | 149.46  | 149.46 |
| 3      | <b>Purchases of Capital Goods</b>                                    |         |        |         |        |
|        | <b>Entity controlled by Close Member of Key Managerial Personnel</b> | -       |        | 1.26    |        |
|        | Kirloskar Solar Technologies Private Limited                         |         | -      |         | 1.26   |
|        | <b>Total</b>                                                         | -       | -      | 1.26    | 1.26   |
| 4      | <b>Rendering of services from</b>                                    |         |        |         |        |
|        | <b>Key Managerial Personnel</b>                                      | 5.24    |        | 9.17    |        |
|        | Gauri Kirloskar                                                      |         | 5.24   |         | 9.17   |
|        | <b>Close member of Key Managerial Personnel</b>                      | 1.86    |        | 5.26    |        |
|        | Atul Kirloskar                                                       |         | 1.86   |         | 5.26   |
|        | <b>Promoter &amp; Promoter group holding 10% or more shares</b>      | 0.35    |        | 0.06    |        |
|        | Rahul Kirloskar                                                      |         | 0.35   |         | 0.06   |
|        | <b>Total</b>                                                         | 7.45    | 7.45   | 14.48   | 14.48  |

## Notes to the Financial Statements

5.11 Related parties have been identified as defined under Clause 9 of Indian Accounting Standard (Ind AS 24) "Related Party Disclosures" and Regulation 34 (3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder (Contd..)

₹ in Crores

| Sr No. | Nature of the transaction / relationship / name of parties                               | 2024-25 |        | 2023-24 |        |
|--------|------------------------------------------------------------------------------------------|---------|--------|---------|--------|
|        |                                                                                          | Amount  | Amount | Amount  | Amount |
| 5      | <b>Expenses paid / (recovery) of Subsidiary Company (including step-down subsidiary)</b> | (2.91)  |        | (1.02)  |        |
|        | Kirloskar Americas Corporation                                                           |         | (0.77) |         | (0.43) |
|        | Engines LPG, LLC dba Wildcat Power Gen                                                   |         | (2.14) |         | (0.59) |
|        | <b>Key Management Personnel</b>                                                          | 0.12    |        | 0.24    |        |
|        | Gauri Kirloskar                                                                          |         | 0.12   |         | 0.24   |
|        | <b>Close member of Key Managerial Personnel</b>                                          | 0.07    |        | 0.28    |        |
|        | Atul Kirloskar                                                                           |         | 0.07   |         | 0.28   |
|        | <b>Entity controlled by Close Member of Key Managerial Personnel</b>                     | 0.78    |        | 0.82    |        |
|        | Kirloskar Solar Technologies Private Limited                                             |         | 0.78   |         | 0.82   |
|        | <b>Total</b>                                                                             | (1.94)  | (1.94) | 0.32    | 0.32   |
| 6      | <b>Reimbursement / (recovery) of expenses Subsidiary Company</b>                         | (3.67)  |        | (2.24)  |        |
|        | La-Gajjar Machineries Private Limited                                                    |         | (3.67) |         | (2.24) |
|        | <b>Key Managerial Personnel</b>                                                          | 0.12    |        | 0.06    |        |
|        | Gauri Kirloskar                                                                          |         | 0.12   |         | 0.06   |
|        | <b>Close member of Key Managerial Personnel</b>                                          | 0.07    |        | 0.26    |        |
|        | Atul Kirloskar                                                                           |         | 0.07   |         | 0.26   |
|        | <b>Total</b>                                                                             | (3.48)  | (3.48) | (1.92)  | (1.92) |
| 7      | <b>Interim dividend and final dividend paid Key Managerial Personnel</b>                 | 3.45    |        | 2.88    |        |
|        | Gauri Kirloskar                                                                          |         | 3.45   |         | 2.88   |
|        | <b>Close member of Key Managerial Personnel</b>                                          | 10.74   |        | 8.95    |        |
|        | Atul Kirloskar                                                                           |         | 8.80   |         | 7.34   |
|        | Arti Kirloskar                                                                           |         | 1.94   |         | 1.61   |
|        | <b>Entity controlled by Key Managerial Personnel</b>                                     | 0.06    |        | 0.04    |        |
|        | Navsai Opportunities Private Limited                                                     |         | 0.06   |         | 0.04   |
|        | <b>Promoter &amp; Promoter group holding 10% or more shares</b>                          | 10.67   |        | 8.89    |        |
|        | Rahul Kirloskar                                                                          |         | 10.67  |         | 8.89   |
|        | <b>Total</b>                                                                             | 24.92   | 24.92  | 20.76   | 20.76  |
| 8      | <b>Investment made Subsidiary Company</b>                                                | 20.88   |        | 56.90   |        |
|        | Kirloskar Americas Corporation                                                           |         | 20.88  |         | 20.85  |
|        | Arka Financial Holdings Private Limited                                                  |         | -      |         | 36.05  |
|        | <b>Total</b>                                                                             | 20.88   | 20.88  | 56.90   | 56.90  |
| 9      | <b>Interest accrued on preference share investment Subsidiary Company</b>                | 3.98    |        | 3.98    |        |
|        | La-Gajjar Machineries Private Limited                                                    |         | 3.98   |         | 3.98   |
|        | <b>Total</b>                                                                             | 3.98    | 3.98   | 3.98    | 3.98   |
| 10     | <b>Contributions Paid Post-employment benefit plan of the Company</b>                    | 8.28    |        | 11.87   |        |
|        | Kirloskar Oil Engines Limited Officers' Superannuation Scheme                            |         | 2.27   |         | 1.70   |
|        | Kirloskar Oil Engines Limited Officers' Superannuation Trust                             |         | 0.01   |         | 0.07   |
|        | Kirloskar Oil Engines Limited Employees' Group Gratuity Fund                             |         | 6.00   |         | 10.10  |
|        | <b>Total</b>                                                                             | 8.28    | 8.28   | 11.87   | 11.87  |

# Notes to the Financial Statements

5.11 Related parties have been identified as defined under Clause 9 of Indian Accounting Standard (Ind AS 24) "Related Party Disclosures" and Regulation 34 (3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder (Contd..)

₹ in Crores

| Sr No. | Nature of the transaction / relationship / name of parties           | 2024-25         |                 | 2023-24         |                 |
|--------|----------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|
|        |                                                                      | Amount          | Amount          | Amount          | Amount          |
| 11     | <b>Loan repayment from Subsidiary Company</b>                        |                 |                 |                 |                 |
|        | La-Gajjar Machinerries Private Limited                               | 10.72           | 10.72           | 19.13           | 19.13           |
|        | <b>Total</b>                                                         | <b>10.72</b>    | <b>10.72</b>    | <b>19.13</b>    | <b>19.13</b>    |
| 12     | <b>Interest received on term loan given Subsidiary Company</b>       |                 |                 |                 |                 |
|        | La-Gajjar Machinerries Private Limited                               | 0.04            | 0.04            | 1.88            | 1.88            |
|        | <b>Total</b>                                                         | <b>0.04</b>     | <b>0.04</b>     | <b>1.88</b>     | <b>1.88</b>     |
|        | <b>Outstanding balances</b>                                          |                 |                 |                 |                 |
| 1      | <b>Accounts payables (including financial and other liabilities)</b> |                 |                 |                 |                 |
|        | <b>Subsidiary Company</b>                                            | <b>5.37</b>     |                 | <b>14.28</b>    |                 |
|        | Kirloskar Americas Corporation                                       |                 | 2.70            |                 | 0.18            |
|        | La-Gajjar Machinerries Private Limited                               |                 | 2.67            |                 | 14.10           |
|        | <b>Associate or joint venture of subsidiary company</b>              | <b>-</b>        |                 | <b>3.48</b>     |                 |
|        | ESVA Pumps India Private Limited                                     |                 | -               |                 | 3.48            |
|        | <b>Key Management Personnel Commission</b>                           | <b>4.09</b>     |                 | <b>8.00</b>     |                 |
|        | Gauri Kirloskar                                                      |                 | 4.09            |                 | 8.00            |
|        | <b>Close member of Key Managerial Personnel</b>                      | <b>1.82</b>     |                 | <b>1.81</b>     |                 |
|        | Atul Kirloskar                                                       |                 | 1.82            |                 | 1.81            |
|        | <b>Promoter &amp; Promoter group holding 10% or more shares</b>      | <b>0.30</b>     |                 | <b>-</b>        |                 |
|        | Rahul Kirloskar                                                      |                 | 0.30            |                 | -               |
|        | <b>Entity controlled by Close Member of Key Managerial Personnel</b> | <b>0.08</b>     |                 | <b>0.97</b>     |                 |
|        | Kirloskar Solar Technologies Private Limited                         |                 | 0.08            |                 | 0.97            |
|        | <b>Post-employment benefit plan of Company</b>                       | <b>15.75</b>    |                 | <b>10.24</b>    |                 |
|        | Kirloskar Oil Engines Limited Officers' Superannuation Scheme        |                 | 0.18            |                 | 0.47            |
|        | Kirloskar Oil Engines Limited Officers' Superannuation Trust         |                 | 0.03            |                 | 0.06            |
|        | Kirloskar Oil Engines Limited Employees' Group Gratuity Fund         |                 | 15.54           |                 | 9.71            |
|        | <b>Total</b>                                                         | <b>27.41</b>    | <b>27.41</b>    | <b>38.79</b>    | <b>38.79</b>    |
| 2      | <b>Accounts receivables (including financial and other assets)</b>   |                 |                 |                 |                 |
|        | <b>Subsidiary Company (including step-down subsidiary)</b>           | <b>36.45</b>    |                 | <b>26.44</b>    |                 |
|        | Kirloskar Americas Corporation                                       |                 | 10.71           |                 | 12.33           |
|        | La-Gajjar Machinerries Private Limited                               |                 | 6.28            |                 | 5.12            |
|        | Engines LPG, LLC dba Wildcat Power Gen                               |                 | 19.47           |                 | 8.99            |
|        | <b>Total</b>                                                         | <b>36.45</b>    | <b>36.45</b>    | <b>26.44</b>    | <b>26.44</b>    |
| 3      | <b>Loan receivable from subsidiaries</b>                             |                 |                 |                 |                 |
|        | <b>Subsidiary Company</b>                                            | <b>-</b>        |                 | <b>10.72</b>    |                 |
|        | La-Gajjar Machinerries Private Limited                               |                 | -               |                 | 10.72           |
|        | <b>Total</b>                                                         | <b>-</b>        | <b>-</b>        | <b>10.72</b>    | <b>10.72</b>    |
| 4      | <b>Investments</b>                                                   |                 |                 |                 |                 |
|        | <b>Subsidiary Company</b>                                            | <b>1,507.61</b> |                 | <b>1,486.73</b> |                 |
|        | Kirloskar Americas Corporation                                       |                 | 43.32           |                 | 22.44           |
|        | La-Gajjar Machinerries Private Limited                               |                 | 411.64          |                 | 411.64          |
|        | Arka Financial Holdings Private Limited                              |                 | 1,052.65        |                 | 1,052.65        |
|        | <b>Total</b>                                                         | <b>1,507.61</b> | <b>1,507.61</b> | <b>1,486.73</b> | <b>1,486.73</b> |



## Notes to the Financial Statements

### 5.11 Related parties have been identified as defined under Clause 9 of Indian Accounting Standard (Ind AS 24) “Related Party Disclosures” and Regulation 34 (3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder (Contd..)

Transactions with related parties are inclusive of indirect taxes, wherever applicable.

The above figures do not include provision for gratuity and leave encashment, as actuarial valuation of such provision for the Key Management Personnel is included in the total provision for gratuity and leave encashment.

#### Terms and conditions of transactions with related parties

Transactions entered into with related party are made in ordinary course of business and on terms equivalent to those that prevail in arm’s length transactions. Outstanding balances (other than loans and investments) at the year end are unsecured and interest free and the settlement occurs in cash and cash equivalents. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2025, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (**31 March 2024: ₹ Nil**). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

#### Commitments with related parties

The Company has not provided any commitment to the related parties as at 31 March 2025 (**31 March 2024: ₹ Nil**) except to Kirloskar International ME FZE towards initial investment in Kirloskar International ME FZE upto ₹ 1.50 Crores.

#### Transactions with key managerial personnel

Compensation of key managerial personnel of the Company

| Particulars                                           | ₹ in Crores   |               |
|-------------------------------------------------------|---------------|---------------|
|                                                       | 31 March 2025 | 31 March 2024 |
| Short-term employee benefits                          | 5.24          | 9.17          |
| Post employment benefits                              | -             | -             |
| <b>Total compensation to key managerial personnel</b> | <b>5.24</b>   | <b>9.17</b>   |

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

The above figures do not include provision for leave encashment and gratuity, as actuarial valuation of such provision for the key managerial personnel is included in the total provision for gratuity and leave encashment.

### 5.12 Earnings per share (Basic and Diluted)

| Particulars                                                                                                          | 2024-25      | 2023-24      |
|----------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| Profit for the year after taxation (₹ in Crores)                                                                     | 431.93       | 361.63       |
| Total number of equity shares at the end of the year (One equity share of face value of ₹ 2 each fully paid up)      | 14,51,79,689 | 14,49,56,271 |
| Weighted average number of equity shares for the purpose of computing Basic earnings per share ( number of shares)   | 14,50,88,686 | 14,48,60,218 |
| <b>Basic earnings per share (in ₹)</b>                                                                               | <b>29.77</b> | <b>24.96</b> |
| <b>Effect of dilution</b>                                                                                            |              |              |
| Stock option granted under ESOP ( number of shares)                                                                  | 3,10,964     | 4,15,652     |
| Weighted average number of equity shares for the purpose of computing Diluted earnings per share ( number of shares) | 14,53,99,650 | 14,52,75,870 |
| <b>Diluted earnings per share (in ₹)</b>                                                                             | <b>29.71</b> | <b>24.89</b> |

Earnings per share are calculated in accordance with Indian Accounting Standard (Ind AS 33) “Earnings Per Share”.

### 5.13 Fair value disclosures for financial assets and financial liabilities

The management believes that the fair values of non-current financial assets (e.g., Investments at FVTPL, loans and others), current financial assets (e.g., cash and cash equivalents, trade and other receivables, loans), non-current financial liabilities and current financial liabilities (e.g., Trade payables and other payables and others) approximate their carrying amounts.

The Company has performed a fair valuation of its material investment in unquoted ordinary shares other than subsidiary, which are classified as FVOCI or FVTPL (refer Note 3). For non-material investments, the Company believes that impact of change, if any, on account of fair value is insignificant.

Fair value of unquoted investment in Mutual fund is determined by reference to Net Asset Value (‘NAV’) available from respective Assets Management Companies (‘AMC’).

# Notes to the Financial Statements

## 5.14 Fair value measurement hierarchy

- a The following table provides the fair value measurement hierarchy of financial instruments

₹ in Crores

| Particulars                                 | Note | Carrying Amount | Level of input used in |         |         |
|---------------------------------------------|------|-----------------|------------------------|---------|---------|
|                                             |      |                 | Level 1                | Level 2 | Level 3 |
| <b>As at 31 March 2025</b>                  |      |                 |                        |         |         |
| <b>Financial Assets</b>                     |      |                 |                        |         |         |
| <b>Investment at FVTPL</b>                  |      |                 |                        |         |         |
| Mutual funds                                | 9    | 278.73          | -                      | 278.73  | -       |
| Unquoted preference shares                  | 3    | 0.00            | -                      | -       | 0.00    |
| <b>Investments at FVOCI</b>                 |      |                 |                        |         |         |
| Unquoted equity shares                      | 3    | 0.94            | -                      | -       | 0.94    |
| <b>Other financial assets at FVTPL</b>      |      |                 |                        |         |         |
| Derivative assets                           | 13   | 1.76            | -                      | 1.76    | -       |
| Assets held for sale                        | 14   | -               | -                      | -       | -       |
| <b>Financial liabilities</b>                |      |                 |                        |         |         |
| <b>Other financial liabilities at FVTPL</b> |      |                 |                        |         |         |
| Derivative liabilities                      | 27   | -               | -                      | -       | -       |
| <b>As at 31 March 2024</b>                  |      |                 |                        |         |         |
| <b>Investment at FVTPL</b>                  |      |                 |                        |         |         |
| Mutual funds                                | 9    | 388.34          | -                      | 388.34  | -       |
| <b>Investments at FVOCI</b>                 |      |                 |                        |         |         |
| Unquoted equity shares                      | 3    | 1.13            | -                      | -       | 1.13    |
| <b>Other financial assets at FVTPL</b>      |      |                 |                        |         |         |
| Derivative assets                           | 13   | 0.47            | -                      | 0.47    | -       |
| Assets held for sale                        | 14   | -               | -                      | -       | -       |
| <b>Financial liabilities</b>                |      |                 |                        |         |         |
| <b>Other financial liabilities at FVTPL</b> |      |                 |                        |         |         |
| Derivative liabilities                      | 27   | 0.45            | -                      | 0.45    | -       |

- b Significant unobservable inputs used in level 3 fair value measurements and sensitivity of the fair value measurement to changes in unobservable inputs:

i Description of significant unobservable inputs used for financial instruments (level 3) :

Investment in equity shares of Kirloskar Management Services Private Limited (KMSPL) was valued using the Discounted Cash Flow (Risk adjusted discount rate) valuation method.

ii Relationship of unobservable inputs to level 3 fair values :

Equity investments - Unquoted

A 50 bps increase/decrease in the Perpetuity growth rate used while keeping all other variables constant, the carrying value of the shares would increase by ₹ 0.02 Crores (31 March 2024 : ₹ 0.05 Crores ) or decrease by ₹ 0.02 Crores (31 March 2024 : ₹ 0.05 Crores ) and a 50 bps increase/decrease in discounting factor used while keeping all other variables constant, the carrying value of the shares would decrease by ₹ 0.04 Crores (31 March 2024 : ₹ 0.05 Crores) or increase by ₹ 0.04 Crores (31 March 2024 : ₹ 0.05 Crores).

## 5.15 Financial instruments risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance and support the Company's operations. The Company's principal financial assets include Investments, loans, trade and other receivables, cash and short-term deposits and other financial assets that have been derived directly from its operations. The Company also enters into derivative transactions.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Audit Committee and Board review financial risks and the appropriate risk governance framework for the Company's financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below :

## Notes to the Financial Statements

### 5.15 Financial instruments risk management objectives and policies (Contd..)

#### a Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings, deposits, Investments, trade and other receivables, trade and other payables and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at 31 March 2025 and 31 March 2024

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity, pension and other post-retirement obligations and provisions.

The sensitivity of the relevant Statement of Profit and Loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2025 and 31 March 2024 including the effect of hedge accounting.

#### Interest rate risk

##### a. Exposure

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.

| Particulars                       | ₹ in Crores   |               |
|-----------------------------------|---------------|---------------|
|                                   | 31 March 2025 | 31 March 2024 |
| Long term variable interest loans | 79.13         | 97.21         |

##### b. Interest rate sensitivity

| Financial Year | Change in Interest Rate | ₹ in Crores                 |                          |
|----------------|-------------------------|-----------------------------|--------------------------|
|                |                         | Effect on profit before tax | Effect on pre-tax equity |
| 31 March 2025  | Increase 50 bps         | (0.18)                      | (0.18)                   |
|                | Decrease 50 bps         | 0.18                        | 0.18                     |
| 31 March 2024  | Increase 50 bps         | (0.49)                      | (0.49)                   |
|                | Decrease 50 bps         | 0.49                        | 0.49                     |

The sensitivity is calculated only in respect of floating interest rate loan. It is calculated by changing the interest rates by 50 bps keeping all other factors constant.

#### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and the Company's net investments in foreign subsidiaries.

| Nature of exposure | Currency | Amounts in Foreign currencies in 000's |               |
|--------------------|----------|----------------------------------------|---------------|
|                    |          | 31 March 2025                          | 31 March 2024 |
| Receivables        | USD      | 24,888.12                              | 23,979.92     |
|                    | EUR      | 9.45                                   | -             |
|                    | CHF      | -                                      | 0.12          |
| Payables           | USD      | 1,025.10                               | 9,289.38      |
|                    | EUR      | 122.74                                 | 462.82        |
|                    | GBP      | 10.73                                  | 100.12        |
|                    | NPR      | 1,207.29                               | 1,434.02      |
|                    | CHF      | 1.88                                   | 0.00          |
|                    | JPY      | -                                      | 6,942.20      |
|                    | BDT      | 1,016.94                               | 1,263.97      |

# Notes to the Financial Statements

## 5.15 Financial instruments risk management objectives and policies (Contd..)

The Company manages its foreign currency risk by hedging transactions related to sales and purchases. This foreign currency risk is hedged by using foreign currency forward contracts. As on 31 March 2025 and 31 March 2024, the Company has hedged the following of its total foreign currency exposure -

Derivatives outstanding as at the reporting date -

| Nature of exposure                  | Currency | Amounts in Foreign Currency |               |
|-------------------------------------|----------|-----------------------------|---------------|
|                                     |          | 31 March 2025               | 31 March 2024 |
| Foreign Currency- Forward Contracts | USD      | 2,09,40,000                 | 5,00,00,000   |

The Company has mark to market gain on foreign currency forward contract of ₹ 1.76 Crores (31 March 2024 : ₹ 0.01 Crores).

Foreign currency sensitivity on unhedged exposure-

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The impact on the Company's pre-tax equity is due to changes in the Company's profit before tax. The Company's exposure to foreign currency changes for all other currencies is not material.

| As at         | Change in USD rate | Effect on profit before tax | ₹ in Crores              |
|---------------|--------------------|-----------------------------|--------------------------|
|               |                    |                             | Effect on pre-tax equity |
| 31 March 2025 | +5%                | 10.20                       | 10.20                    |
|               | -5%                | (10.20)                     | (10.20)                  |
| 31 March 2024 | +5%                | 6.13                        | 6.13                     |
|               | -5%                | (6.13)                      | (6.13)                   |

| As at         | Change in EUR rate | Effect on profit before tax | ₹ in Crores              |
|---------------|--------------------|-----------------------------|--------------------------|
|               |                    |                             | Effect on pre-tax equity |
| 31 March 2025 | +5%                | (0.05)                      | (0.05)                   |
|               | -5%                | 0.05                        | 0.05                     |
| 31 March 2024 | +5%                | (0.21)                      | (0.21)                   |
|               | -5%                | 0.21                        | 0.21                     |

### Commodity price risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the on-going purchase and manufacture of engines and therefore require a continuous supply of copper and steel. However, Company being the indirect user of these commodities, volatility in price of such commodity does not have direct or immediate impact on the profitability of the Company. Hence, the Company does not foresee any direct or immediate risk with respect to such commodity price fluctuation.

### Other price risk

The Company's portfolio of investments mainly consists of debt mutual fund with short term maturity. Hence management believes that this portfolio is not significantly susceptible to market risk.

## b Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

### Trade receivables

Receivables are reviewed, managed and controlled for each class of customers separately. Credit exposure risk is mainly influenced by class /type of customers, depending upon their characteristics. Credit risk is managed through credit approval process by establishing credit limits along with continuous monitoring of credit worthiness of customers to whom credit terms are granted. Wherever required, credit risk of receivables is further covered through letter of credit, bank guarantee, business deposits and such other forms of credit assurance schemes.



## Notes to the Financial Statements

### 5.15 Financial instruments risk management objectives and policies (Contd..)

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are combined into homogenous category and assessed for impairment collectively. The calculation is based on actual incurred historical data. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are spread over vast spectrum.

The Company consistently recognizes provision for any significantly delayed receivables, for accounting of expected credit losses. With respect to the provision made for receivables against sales of Gensets to a specific customer made in prior years, the (income) or expense in the Statement of Profit & Loss for the year ending 31 March 2025 was ₹ (41.47) Crores [₹ 13.38 Crores for FY 2023-2024]. The provision for doubtful debts and advances of ₹ 41.47 Crores relating to the aforesaid receivables as at 31 March 2024 was fully reversed on account of receipt of payment from the customer during the current year.

#### Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made as per the approved investment policy. Investment limits are set to minimise the concentration of risks and therefore mitigate financial loss, if any.

#### c Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

#### Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Company to manage risk concentrations at both the relationship and industry levels.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

|                             |                                |              |               |                      |                   |                   | ₹ in Crores     |
|-----------------------------|--------------------------------|--------------|---------------|----------------------|-------------------|-------------------|-----------------|
| Particulars                 | Carrying Amount as at year end | On demand    | upto 3 months | > 3 months to 1 year | 1 year to 5 years | More than 5 years | Total           |
| <b>31 March 2025</b>        |                                |              |               |                      |                   |                   |                 |
| Interest bearing borrowings | 129.42                         | -            | 57.79         | 22.50                | 49.13             | -                 | 129.42          |
| Other financial liabilities | 127.43                         | 21.13        | 82.25         | 9.99                 | -                 | 14.06             | 127.43          |
| Lease liabilities           | 45.16                          | -            | 5.03          | 14.93                | 29.90             | -                 | 49.86           |
| Trade payables              | 650.64                         | 1.09         | 647.51        | 2.04                 | -                 | -                 | 650.64          |
| <b>Total</b>                | <b>952.65</b>                  | <b>22.22</b> | <b>792.58</b> | <b>49.45</b>         | <b>79.03</b>      | <b>14.06</b>      | <b>957.35</b>   |
| <b>31 March 2024</b>        |                                |              |               |                      |                   |                   |                 |
| Interest bearing borrowings | 209.13                         | -            | 7.50          | 134.42               | 67.21             | -                 | 209.13          |
| Other financial liabilities | 123.67                         | 19.31        | 82.07         | 6.01                 | -                 | 16.27             | 123.67          |
| Lease liabilities           | 2.51                           | -            | 0.82          | 1.70                 | 0.07              | -                 | 2.59            |
| Trade payables              | 727.40                         | -            | 712.11        | 15.29                | -                 | -                 | 727.40          |
| <b>Total</b>                | <b>1,062.71</b>                | <b>19.31</b> | <b>802.50</b> | <b>157.42</b>        | <b>67.28</b>      | <b>16.27</b>      | <b>1,062.79</b> |

# Notes to the Financial Statements

## 5.16 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2025 and 31 March 2024.

## 5.17 Leases

### a Lessee accounting

#### Lease liabilities movement

| Particulars                                        | ₹ in Crores            |                        |
|----------------------------------------------------|------------------------|------------------------|
|                                                    | As at<br>31 March 2025 | As at<br>31 March 2024 |
| Lease liabilities at beginning of the year         | 2.51                   | 5.40                   |
| Add : Lease liabilities recognised during the year | 54.02                  | -                      |
| Add: Interest on lease liabilities                 | 2.24                   | 0.27                   |
| Less: Lease rental payments                        | (13.62)                | (3.16)                 |
| <b>Lease liabilities at the end of the year</b>    | <b>45.16</b>           | <b>2.51</b>            |

Rental expenses recorded for short-term leases for current year is ₹ 16.13 Crores (31 March 2024 : ₹ 30.13 Crores).

### b. Lessor accounting

The Company is a lessor in the operating lease. The subject of these transactions is primarily aircraft leasing. There is definitive binding agreement between lessor and lessee defining rights and obligation with respect to underlying assets which in substance mitigates the Company's risk.

Property, plant and equipment provided on operating lease as at 31 March 2025 and 31 March 2024 are as follows:

| Particulars                             | ₹ in Crores   |               |
|-----------------------------------------|---------------|---------------|
|                                         | 31 March 2025 | 31 March 2024 |
| Opening gross block                     | 27.45         | 25.88         |
| Addition                                | -             | 1.57          |
| Deduction*                              | (27.45)       | -             |
| <b>Closing gross block</b>              | <b>-</b>      | <b>27.45</b>  |
| Opening accumulated depreciation        | 25.44         | 24.61         |
| Depreciation for the year               | 0.93          | 0.83          |
| Deduction                               | (26.37)       | -             |
| <b>Closing accumulated depreciation</b> | <b>-</b>      | <b>25.44</b>  |
| <b>Net Block</b>                        | <b>-</b>      | <b>2.01</b>   |

Lease income generated during the year is ₹ 0.92 Crores (31 March 24 : ₹ 0.81 Crores).

\*During the financial year ended 31 March 2025, the Company sold an aircraft that was previously subject to an operating lease agreement. The asset was disposed off for a total consideration of ₹ 21.98 Crores, the net profit arising on sale of this aircraft is ₹ 20.90 Crores.

## Notes to the Financial Statements

### 5.18 Expenditure on Corporate social responsibility ("CSR") activities

₹ in Crores

| a. | Sr No. | Particulars                                                                                                                                              | 2024-25            | 2023-24            |
|----|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
|    |        |                                                                                                                                                          |                    |                    |
|    | 1      | Gross amount required to be spent by the Company during the year                                                                                         | 7.19               | 5.58               |
|    | 2      | Amount approved by the Board to be spent during the year                                                                                                 | 7.20               | 5.58               |
|    | 3      | <b>Amount spent during the year on :</b>                                                                                                                 |                    |                    |
|    |        | (i) Construction/Acquisition of any asset                                                                                                                | -                  | -                  |
|    |        | (ii) On purpose other than (i) above                                                                                                                     | 7.20               | 5.58               |
|    | 4      | The amount of shortfall at the end of the year out of the amount required to be spent by the Company during the year                                     | -                  | -                  |
|    | 5      | The total of previous years' shortfall amounts                                                                                                           | -                  | -                  |
|    | 6      | The reason for above shortfalls                                                                                                                          | NA                 | NA                 |
|    | 7      | The nature of CSR activities undertaken by the Company                                                                                                   | Refer Note c below | Refer Note c below |
|    | 8      | Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year | -                  | -                  |

- b. No transaction have taken place during the year related to CSR expenditure with the trust/society/Section 8 company which is controlled by related party of the Company as defined in Ind AS 24 "Related Party Disclosures".
- c. The Company has undertaken CSR activities relating to promoting education, rural development, livelihood enhancement, ensuring environmental sustainability, and maintaining quality of water, promoting rural sports, preventive health care and sanitation during the current and previous year and had also undertaken activities relating to making available safe drinking water during the previous year.

### 5.19 Employee stock option plans (ESOP)



The Company provides share based employee benefits to the employees of the Company and its subsidiaries. The relevant details of the schemes and the grant are as below :

#### Description of share-based payment arrangements

As at 31 March 2025, the Company has the following share based payment arrangements -

#### KOEL ESOP 2019 - Share option plans (equity settled)

According to the Scheme, the employee selected by the Nomination and Remuneration Committee from time to time will be entitled to options, subject to satisfaction of the prescribed vesting conditions. The Option may be exercised within a specified period.

The Employees Stock Option Plan 2019 - (KOEL ESOP 2019) was approved by the shareholders of the Company in AGM conducted on 9 August 2019 for issue of maximum 14,00,000 options representing 14,00,000 equity shares of ₹ 2/- each. Pursuant to the said approvals and authority delegated by the Board and Shareholders of the Company, the Nomination and Remuneration Committee of the Board of Directors of the Company in its meeting held on 5 March 2021 had approved the grant of 9,40,000 employee stock options ("Options") to eligible employees of the Company. Each option shall carry the right to be issued one fully paid up equity share of ₹ 2/- each.

The Members of the Company at the Annual General Meeting of Kirloskar Oil Engines Limited held on 12 August 2021, passed a resolution amending the Kirloskar Oil Engines Limited - Employee Stock Option Plan 2019 in terms of coverage of the KOEL ESOP 2019 to the eligible employees of its subsidiary company, in or out of India except such subsidiary company(ies) which are formed and engaged in financial service business.

During the earlier years, the Nomination and Remuneration Committee of the Board of Directors of the Company in its meeting held on 27 October 2021, 18 May 2022 and 10 August 2023 had approved the grant of 50,000 employee stock options, 275,000 employee stock options and 1,35,000 employee stock options to the eligible employees of subsidiary company viz. La-Gajjar Machineries Private Limited and to the eligible employees of the Company respectively in terms of 'Kirloskar Oil Engines Limited - Employee Stock Option Plan 2019 - Amended ("KOEL ESOP 2019") and the special resolutions passed by the Members of the Company at the Annual General Meeting held on 9 August 2019 and 12 August 2021. Each option shall carry the right to be issued one fully paid up equity share of ₹ 2/- each.

# Notes to the Financial Statements

## 5.19 Employee stock option plans (ESOP) (Contd..)

The Nomination and Remuneration Committee of the Board of Directors of the Company in its meeting held on 7 August 2024 has approved the grant of 463,367 employee stock options to the eligible employees of the Company and the subsidiary company viz. La-Gajjar Machineries Private Limited in terms of 'Kirloskar Oil Engines Limited - Employee Stock Option Plan 2019 ("KOEL ESOP 2019") and the special resolutions passed by the Members of the Company at the Annual General Meeting held on 9 August 2019 and 12 August 2021.

### a. Details of the ESOP

| Particulars                             | KOEL ESOP 2019                                                                                                                                |                                                                                                                                               |                                                                                                                                               |
|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
|                                         | KOEL Employees (Tranche I)                                                                                                                    | LGM Employees (Tranche I)                                                                                                                     | KOEL Employees (Tranche II)                                                                                                                   |
| Date of Grants                          | 5 March 2021                                                                                                                                  | 27 October 2021                                                                                                                               | 18 May 2022                                                                                                                                   |
| Vesting Requirements                    | Vest not earlier than one year and not later than four years from the date of grant of such options.                                          | Vest not earlier than one year and not later than four years from the date of grant of such options.                                          | Vest not earlier than one year and not later than four years from the date of grant of such options.                                          |
| Maximum term of Options granted (years) | The Employee stock options granted shall be capable of being exercised within a period being not more than two years from the date of vesting | The Employee stock options granted shall be capable of being exercised within a period being not more than two years from the date of vesting | The Employee stock options granted shall be capable of being exercised within a period being not more than two years from the date of vesting |
| Method of Settlement                    | Equity                                                                                                                                        | Equity                                                                                                                                        | Equity                                                                                                                                        |
| Method used for accounting of Options   | Fair value method                                                                                                                             | Fair value method                                                                                                                             | Fair value method                                                                                                                             |

| Particulars                             | KOEL ESOP 2019                                                                                                                                |                                                                                                                                               |                                                                                                                                               |
|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
|                                         | KOEL Employees (Tranche III)                                                                                                                  | KOEL Employees (Tranche IV)                                                                                                                   | LGM Employees (Tranche II)                                                                                                                    |
| Date of Grants                          | 10 August 2023                                                                                                                                | 7 August 2024                                                                                                                                 | 7 August 2024                                                                                                                                 |
| Vesting Requirements                    | Vest not earlier than one year and not later than four years from the date of grant of such options.                                          | Vest not earlier than one year and not later than four years from the date of Grant of such Options.                                          | Vest not earlier than one year and not later than four years from the date of Grant of such Options.                                          |
| Maximum term of Options granted (years) | The Employee stock options granted shall be capable of being exercised within a period being not more than two years from the date of vesting | The Employee stock options granted shall be capable of being exercised within a period being not more than two years from the date of vesting | The Employee stock options granted shall be capable of being exercised within a period being not more than two years from the date of vesting |
| Method of Settlement                    | Equity                                                                                                                                        | Equity                                                                                                                                        | Equity                                                                                                                                        |
| Method used for accounting of Options   | Fair value method                                                                                                                             | Fair value method                                                                                                                             | Fair value method                                                                                                                             |



## Notes to the Financial Statements

### 5.19 Employee stock option plans (ESOP) (Contd..)

#### b. Option Movement during the year ended 31 March 2025 and 31 March 2024

Grant dated 5 March 2021 (KOEL Employees)

| Particulars                                                                                                             | 31 March 2025   |                                   |                                                     | 31 March 2024   |                                   |                                                     |
|-------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------------------------|-----------------------------------------------------|-----------------|-----------------------------------|-----------------------------------------------------|
|                                                                                                                         | No. of Options  | Weighted average exercise price ₹ | Weighted average remaining contractual life (Years) | No. of Options  | Weighted average exercise price ₹ | Weighted average remaining contractual life (Years) |
| Outstanding at the beginning of the year                                                                                | 2,52,699        |                                   | 2.24                                                | 4,64,424        |                                   | 2.62                                                |
| Pending allotment as at the beginning of the year                                                                       | 39,089          |                                   | NA                                                  | 7,194           |                                   | NA                                                  |
| Granted during the year                                                                                                 | -               |                                   | NA                                                  | -               |                                   | NA                                                  |
| Forfeited/Lapsed during the year                                                                                        | 32,158          |                                   | NA                                                  | 49,220          |                                   | NA                                                  |
| Exercised and allotted during the year (including options exercised but pending allotment at the beginning of the year) | 1,20,258        | 103.14                            | NA                                                  | 1,30,610        | 103.14                            | NA                                                  |
| Exercised and pending allotment at the end of the year                                                                  | 30,868          |                                   | NA                                                  | 39,089          |                                   | NA                                                  |
| <b>Outstanding at the end of the year</b>                                                                               | <b>1,08,504</b> |                                   | <b>1.66</b>                                         | <b>2,52,699</b> |                                   | <b>2.24</b>                                         |
| Exercisable at the end of the year                                                                                      | 1,08,504        |                                   | 1.66                                                | 1,35,305        |                                   | 1.64                                                |

Grant dated 27 October 2021 (LGM Employees)

| Particulars                                                                                                             | 31 March 2025  |                                   |                                                     | 31 March 2024  |                                   |                                                     |
|-------------------------------------------------------------------------------------------------------------------------|----------------|-----------------------------------|-----------------------------------------------------|----------------|-----------------------------------|-----------------------------------------------------|
|                                                                                                                         | No. of Options | Weighted average exercise price ₹ | Weighted average remaining contractual life (Years) | No. of Options | Weighted average exercise price ₹ | Weighted average remaining contractual life (Years) |
| Outstanding at the beginning of the year                                                                                | 21,875         |                                   | 2.66                                                | 31,150         |                                   | 3.33                                                |
| Pending allotment as at the beginning of the year                                                                       | -              |                                   | NA                                                  | -              |                                   | NA                                                  |
| Granted during the year                                                                                                 | -              |                                   | NA                                                  | -              |                                   | NA                                                  |
| Forfeited/Lapsed during the year                                                                                        | 4,975          |                                   | NA                                                  | 2,175          |                                   | NA                                                  |
| Exercised and allotted during the year (including options exercised but pending allotment at the beginning of the year) | 9,150          | 128.88                            | NA                                                  | 7,100          | 128.88                            | NA                                                  |
| Exercised and pending allotment at the end of the year                                                                  | 50             |                                   | NA                                                  | -              |                                   | NA                                                  |
| <b>Outstanding at the end of the year</b>                                                                               | <b>7,700</b>   |                                   | <b>2.39</b>                                         | <b>21,875</b>  |                                   | <b>2.66</b>                                         |
| Exercisable at the end of the year                                                                                      | 1,125          |                                   | 1.35                                                | 5,125          |                                   | 1.30                                                |

# Notes to the Financial Statements

## 5.19 Employee stock option plans (ESOP) (Contd..)

Grant dated 18 May 2022 (KOEL Employees)

| Particulars                                                                                                             | 31 March 2025  |                                   |                                                     | 31 March 2024   |                                   |                                                     |
|-------------------------------------------------------------------------------------------------------------------------|----------------|-----------------------------------|-----------------------------------------------------|-----------------|-----------------------------------|-----------------------------------------------------|
|                                                                                                                         | No. of Options | Weighted average exercise price ₹ | Weighted average remaining contractual life (Years) | No. of Options  | Weighted average exercise price ₹ | Weighted average remaining contractual life (Years) |
| Outstanding at the beginning of the year                                                                                | 1,54,471       |                                   | 2.80                                                | 2,70,000        |                                   | 3.31                                                |
| Pending allotment as at the beginning of the year                                                                       | 1,070          |                                   | NA                                                  | -               |                                   | NA                                                  |
| Granted during the year                                                                                                 | -              |                                   | NA                                                  | -               |                                   | NA                                                  |
| Forfeited/Lapsed during the year                                                                                        | 17,500         |                                   | NA                                                  | 40,000          |                                   | NA                                                  |
| Exercised and allotted during the year (including options exercised but pending allotment at the beginning of the year) | 61,135         | 87.93                             | NA                                                  | 74,459          | 87.93                             | NA                                                  |
| Exercised and pending allotment at the end of the year                                                                  | 799            |                                   | NA                                                  | 1,070           |                                   | NA                                                  |
| <b>Outstanding at the end of the year</b>                                                                               | <b>76,107</b>  |                                   | <b>2.41</b>                                         | <b>1,54,471</b> |                                   | <b>2.80</b>                                         |
| Exercisable at the end of the year                                                                                      | 9,440          |                                   | 0.94                                                | 14,887          |                                   | 1.13                                                |

Grant dated 10 August 2023 (KOEL Employees)

| Particulars                                                                                                             | 31 March 2025   |                                   |                                                     | 31 March 2024   |                                   |                                                     |
|-------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------------------------|-----------------------------------------------------|-----------------|-----------------------------------|-----------------------------------------------------|
|                                                                                                                         | No. of Options  | Weighted average exercise price ₹ | Weighted average remaining contractual life (Years) | No. of Options  | Weighted average exercise price ₹ | Weighted average remaining contractual life (Years) |
| Outstanding at the beginning of the year                                                                                | 1,35,000        |                                   | 3.86                                                | -               |                                   | NA                                                  |
| Pending allotment as at the beginning of the year                                                                       | -               |                                   | NA                                                  | -               |                                   | NA                                                  |
| Granted during the year                                                                                                 | -               |                                   | NA                                                  | 1,35,000        |                                   | NA                                                  |
| Forfeited/Lapsed during the year                                                                                        | -               |                                   | NA                                                  | -               |                                   | NA                                                  |
| Exercised and allotted during the year (including options exercised but pending allotment at the beginning of the year) | 32,875          | 267.36                            | NA                                                  | -               | 267.36                            | NA                                                  |
| Exercised and pending allotment at the end of the year                                                                  | -               |                                   | NA                                                  | -               |                                   | NA                                                  |
| <b>Outstanding at the end of the year</b>                                                                               | <b>1,02,125</b> |                                   | <b>3.35</b>                                         | <b>1,35,000</b> |                                   | <b>3.86</b>                                         |
| Exercisable at the end of the year                                                                                      | 875             |                                   | 1.36                                                | -               |                                   | -                                                   |

## Notes to the Financial Statements

### 5.19 Employee stock option plans (ESOP) (Contd..)

Grant dated 7 August 2024 (KOEL Employees)

| Particulars                                                                                                             | 31 March 2025   |                                   |                                                     | 31 March 2024  |                                   |                                                     |
|-------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------------------------|-----------------------------------------------------|----------------|-----------------------------------|-----------------------------------------------------|
|                                                                                                                         | No. of Options  | Weighted average exercise price ₹ | Weighted average remaining contractual life (Years) | No. of Options | Weighted average exercise price ₹ | Weighted average remaining contractual life (Years) |
| Outstanding at the beginning of the year                                                                                | -               |                                   | NA                                                  | -              |                                   | NA                                                  |
| Pending allotment as at the beginning of the year                                                                       | -               |                                   | NA                                                  | -              |                                   | NA                                                  |
| Granted during the year                                                                                                 | 4,51,367        |                                   | NA                                                  | -              |                                   | NA                                                  |
| Forfeited/Lapsed during the year                                                                                        | -               |                                   | NA                                                  | -              |                                   | NA                                                  |
| Exercised and allotted during the year (including options exercised but pending allotment at the beginning of the year) | -               | 656.67                            | NA                                                  | -              | -                                 | NA                                                  |
| Exercised and pending allotment at the end of the year                                                                  | -               |                                   | NA                                                  | -              |                                   | NA                                                  |
| <b>Outstanding at the end of the year</b>                                                                               | <b>4,51,367</b> |                                   | <b>3.83</b>                                         | <b>-</b>       |                                   | <b>NA</b>                                           |
| Exercisable at the end of the year                                                                                      | -               |                                   | -                                                   | -              |                                   | NA                                                  |

Grant dated 7 August 2024 (LGM Employees)

| Particulars                                                                                                             | 31 March 2025  |                                   |                                                     | 31 March 2024  |                                   |                                                     |
|-------------------------------------------------------------------------------------------------------------------------|----------------|-----------------------------------|-----------------------------------------------------|----------------|-----------------------------------|-----------------------------------------------------|
|                                                                                                                         | No. of Options | Weighted average exercise price ₹ | Weighted average remaining contractual life (Years) | No. of Options | Weighted average exercise price ₹ | Weighted average remaining contractual life (Years) |
| Outstanding at the beginning of the year                                                                                | -              |                                   | NA                                                  | -              |                                   | NA                                                  |
| Pending allotment as at the beginning of the year                                                                       | -              |                                   | NA                                                  | -              |                                   | NA                                                  |
| Granted during the year                                                                                                 | 12,000         |                                   | NA                                                  | -              |                                   | NA                                                  |
| Forfeited/Lapsed during the year                                                                                        | -              |                                   | NA                                                  | -              |                                   | NA                                                  |
| Exercised and allotted during the year (including options exercised but pending allotment at the beginning of the year) | -              | 656.67                            | NA                                                  | -              | -                                 | NA                                                  |
| Exercised and pending allotment at the end of the year                                                                  | -              |                                   | NA                                                  | -              |                                   | NA                                                  |
| <b>Outstanding at the end of the year</b>                                                                               | <b>12,000</b>  |                                   | <b>3.86</b>                                         | <b>-</b>       |                                   | <b>NA</b>                                           |
| Exercisable at the end of the year                                                                                      | -              |                                   | -                                                   | -              |                                   | NA                                                  |

# Notes to the Financial Statements

## 5.19 Employee stock option plans (ESOP) (Contd..)

### c. Significant assumptions used to estimate the fair value of options:

| Variables                                                                      | KOEL<br>Employees<br>(Tranche I) | KOEL<br>Employees<br>(Tranche II) | KOEL<br>Employees<br>(Tranche III) | KOEL<br>Employees<br>(Tranche IV) | LGM<br>Employees<br>(Tranche I) | LGM<br>Employees<br>(Tranche II) |
|--------------------------------------------------------------------------------|----------------------------------|-----------------------------------|------------------------------------|-----------------------------------|---------------------------------|----------------------------------|
| 1. Risk free interest rate                                                     | 5.22%                            | 6.66%                             | 6.99%                              | 6.71%                             | 5.16%                           | 6.71%                            |
| 2. Expected life (in years)                                                    | 3.44                             | 3.50                              | 3.51                               | 3.50                              | 3.50                            | 3.50                             |
| 3. Expected volatility                                                         | 37.85%                           | 40.93%                            | 44.42%                             | 44.05%                            | 39.66%                          | 44.05%                           |
| 4. Dividend yield                                                              | 1.88%                            | 2.25%                             | 2.40%                              | 2.20%                             | 2.00%                           | 2.20%                            |
| 5. Price of the underlying share in market at the time of the option grant (₹) | 171.90                           | 146.55                            | 445.60                             | 1,094.45                          | 214.80                          | 1,094.45                         |
| 6. Model used                                                                  | Black Scholes                    | Black Scholes                     | Black Scholes                      | Black Scholes                     | Black Scholes                   | Black Scholes                    |

### d. Options vested but not exercised:

| Grant Date      | 31 March 2025 | (Number of Options)<br>31 March 2024 |
|-----------------|---------------|--------------------------------------|
| 5 March 2021    | 1,08,504      | 1,35,305                             |
| 27 October 2021 | 1,125         | 5,125                                |
| 18 May 2022     | 9,440         | 14,887                               |
| 10 August 2023  | 875           | -                                    |
| 7 August 2024   | -             | -                                    |

### e. Weighted average remaining contractual life of outstanding options (in years):

| Particulars                                                                      | KOEL<br>Employees<br>(Tranche I) | KOEL<br>Employees<br>(Tranche II) | KOEL<br>Employees<br>(Tranche III) | KOEL<br>Employees<br>(Tranche IV) | LGM<br>Employees<br>(Tranche I) | LGM<br>Employees<br>(Tranche II) |
|----------------------------------------------------------------------------------|----------------------------------|-----------------------------------|------------------------------------|-----------------------------------|---------------------------------|----------------------------------|
| The weighted average contractual life of options outstanding as on 31 March 2025 | 1.66                             | 2.41                              | 3.35                               | 3.83                              | 2.39                            | 3.86                             |
| The weighted average contractual life of options exercisable as on 31 March 2025 | 1.66                             | 0.94                              | 1.36                               | -                                 | 1.35                            | -                                |

### f. Effect of share based payment transactions on the Company's financial statements:

| Particulars                                           | 31 March 2025 | 31 March 2024 |
|-------------------------------------------------------|---------------|---------------|
| Share based payment to employees                      | 8.22          | 1.79          |
| Total ESOP reserve outstanding at the end of the year | 10.28         | 4.25          |

₹ in Crores

**Note :** For the options granted to employees of subsidiary company, the Company has recovered the cost from the subsidiary company. During the year, the Company received ₹ 0.10 Crores (31 March 2024 : ₹ 0.10 Crores) against the receivable accrued for cost recovery.

## 5.20 Research and Development ("R&D") expenditure eligible for deduction under section 35(2AB) of Income Tax Act, 1961

The Company had adopted the new tax ordinance under section 115BAA during financial year 2019-20. Since provisions of section 115BAA of the Income Tax Act, 1961 are applicable, the Company is not entitled to avail weighted deduction u/s 35(2AB) of the Income Tax Act, 1961. Thus the Company has not availed weighted deduction benefit on in-house R&D expenditure for financial year 2024-25 as well. However, the Company will continue to maintain a separate set of books for in-house R & D activities.

## 5.21 Details of loans granted

During the earlier years, the Company had advanced a total loan amount of ₹ 21.85 Crores and ₹ 8 Crores to LGM and erstwhile OPEPL at an interest rate of 8.725% p.a. and 10.25% p.a. respectively. The total loan amount outstanding as at 31 March 2024 i.e. ₹ 10.72 Crores was fully repaid during the year. Also refer Note 43 for details of amalgamation of LGM and OPEPL.



## Notes to the Financial Statements

### Note 42 : (Net Debt)/Surplus reconciliation

Analysis of net debt and the movements in net debt for the year ended 31 March 2025 and 31 March 2024 :

| Particulars                                             | ₹ in Crores   |               |
|---------------------------------------------------------|---------------|---------------|
|                                                         | 31 March 2025 | 31 March 2024 |
| Cash and cash equivalents including other bank balances | 299.15        | 89.57         |
| Investment in mutual funds                              | 278.73        | 388.34        |
| Non-current borrowings                                  | (49.13)       | (67.21)       |
| Current borrowings                                      | (80.29)       | (141.92)      |
| <b>(Net Debt)/Surplus</b>                               | <b>448.46</b> | <b>268.78</b> |

| Particulars                                   | ₹ in Crores               |                      |                            |                                       |                    |
|-----------------------------------------------|---------------------------|----------------------|----------------------------|---------------------------------------|--------------------|
|                                               | Other assets              |                      |                            | Liabilities from financing activities |                    |
|                                               | Cash and cash equivalents | Other bank balances* | Investment in mutual funds | Non-current borrowings                | Current borrowings |
| (Net Debt)/Surplus as on 31 March 2024        | 89.57                     | -                    | 388.34                     | (67.21)                               | (141.92)           |
| Cash Inflow/outflow                           | (16.39)                   | 225.97               | (109.61)                   | 18.08                                 | 61.63              |
| <b>(Net Debt)/Surplus as on 31 March 2025</b> | <b>73.18</b>              | <b>225.97</b>        | <b>278.73</b>              | <b>(49.13)</b>                        | <b>(80.29)</b>     |

\* Bank balances other than Cash and cash equivalents excludes earmarked balances and balances held as security.

### Note 43 : Salient features of the financial statements of subsidiary for the year ended 31 March 2025

#### Form AOC-1

In accordance with section 129(3) of the Companies Act, 2013, the salient features of the financial statements of subsidiaries are given below:

| Sr No. | Particulars                                                                                               | ₹ in Crores                           |                                               |                                                    |                                           |
|--------|-----------------------------------------------------------------------------------------------------------|---------------------------------------|-----------------------------------------------|----------------------------------------------------|-------------------------------------------|
|        |                                                                                                           | *Kirloskar Americas Corporation (KAC) | **La-Gajjar Machineries Private Limited (LGM) | ***Arka Financial Holdings Private Limited (AFHPL) | ****Kirloskar International ME FZE (KIME) |
| a      | The date since when subsidiary was acquired / incorporated                                                | 23 June 2015                          | 1 August 2017                                 | 13 July 2021                                       | 7 January 2025                            |
| b      | Reporting period for the subsidiary concerned, if different from the holding company's reporting period   | N A                                   | N A                                           | N A                                                | NA                                        |
| c      | Reporting currency as on the last date of the relevant financial year in the case of foreign subsidiaries | USD                                   | INR                                           | INR                                                | AED                                       |
| d      | Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries      | 85.48                                 | -                                             | -                                                  | 23.27                                     |
| e      | Share capital                                                                                             | 1.59                                  | 1.08                                          | 1,052.65                                           | -                                         |
| f      | Reserves and surplus                                                                                      | (2.06)                                | 105.01                                        | 203.33                                             | (0.10)                                    |
| g      | Total assets                                                                                              | 75.14                                 | 336.80                                        | 7,123.08                                           | 0.10                                      |
| h      | Total liabilities                                                                                         | 105.42                                | 230.71                                        | 5,867.06                                           | 0.20                                      |
| i      | Investments                                                                                               | -                                     | -                                             | 321.06                                             | -                                         |
| j      | Turnover                                                                                                  | 51.58                                 | 493.44                                        | 780.42                                             | -                                         |
| k      | Profit / (Loss) before tax                                                                                | (22.58)                               | 4.35                                          | 104.58                                             | (0.10)                                    |
| l      | Provision for tax                                                                                         | (1.83)                                | (0.06)                                        | 32.79                                              | -                                         |
| m      | Profit / (Loss) after tax                                                                                 | (20.74)                               | 3.72                                          | 71.79                                              | (0.10)                                    |
| n      | Proposed dividend                                                                                         | -                                     | -                                             | -                                                  | -                                         |
| o      | % of shareholding                                                                                         | 100%                                  | 100%                                          | 100%                                               | NA                                        |

\*KAC includes Engines LPG, LLC dba Wildcat Power Gen (subsidiary of KAC) w.e.f. 29 November 2023 i.e. on a consolidated basis.

\*\*LGM includes share of profit of ESVA Pumps India Private Limited (ESVA - joint venture of LGM) i.e. on a consolidated basis upto 28 September 2024 as the joint venture arrangement between ESVA and LGM was terminated with effect from 28 September 2024 and ESVA ceased to be a Joint venture of LGM. During the previous year, LGM, a wholly-owned subsidiary of the Company and Optiqua Pipes and Electricals Private Limited("OPEPL"), a step-down subsidiary of the Company (both under common control) had amalgamated w.e.f. 26 March 2024 and the appointed date of amalgamation was 1 April 2023. Post amalgamation, LGM restated the comparative numbers in their financial statements as required under Appendix C of Ind AS 103.

\*\*\*AFHPL includes "Arka Investment Advisory Services Private Limited" (AIASPL) (wholly owned subsidiary of the AFHPL) and "Arka Fincap Limited" (subsidiary of AFHPL) w.e.f. 4 March 2022 i.e. on a consolidated basis.

\*\*\*\* Kirloskar International ME FZE (wholly owned subsidiary of the Company) was incorporated on 7 January 2025, and the Company will be investing share capital upto 1.50 Crores. KIME is yet to commence business operations.

# Notes to the Financial Statements

## Note 44 : Disclosure required as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder is as follows:

### Subsidiary Companies

#### a Kirloskar Americas Corporation (including its subsidiary Engines LPG, LLC dba Wildcat Power Gen)

There are no loans and advances in the nature of loans granted/advanced by the subsidiary company to firms/companies in which directors are interested except to the extent disclosed in Note 46 of the Financial Statements.

There are no loans and advances in the nature of loans granted/ advanced by the Company to the subsidiary.

#### b La-Gajjar Machineries Private Limited (including its joint venture ESVA upto 28 September 2024)

There are no loans and advances in the nature of loans granted/ advanced by the subsidiary company to firms/companies in which directors are interested.

There are no loans and advances in the nature of loans granted/advanced by the Company to the subsidiary except to the extent disclosed in Note 12 of the Financial Statements.

#### c Arka Financial Holdings Private Limited (including both of its subsidiary AFL and AIASPL )

There are no loans and advances in the nature of loans granted/ advanced by the subsidiary company to firms/companies in which directors are interested.

There are no loans and advances in the nature of loans granted/advanced by the Company to the subsidiary.

#### d Kirloskar International ME FZE (wholly owned subsidiary of the Company w.e.f 7 January 2025)

There are no loans and advances in the nature of loans granted/ advanced by the subsidiary company to firms/companies in which directors are interested.



There are no loans and advances in the nature of loans granted/advanced by the Company to the subsidiary.

## Note 45 : Relationship with struck off companies

The Company did not enter into any transaction with Companies struck off from Registrars of Companies (ROC) records for the year ended 31 March 2025 and 31 March 2024 except as reported below -

### As at 31 March 2025

| Name of the struck off company                                     | Nature of transactions with struck off company | Transactions during the year (Amount in ₹ ) | Balance outstanding* as at 31 March 2025 (Amount in ₹ ) | Relationship with struck off company |
|--------------------------------------------------------------------|------------------------------------------------|---------------------------------------------|---------------------------------------------------------|--------------------------------------|
| Alike Trading Private Limited                                      | Shares held                                    | -                                           | 60                                                      | Shareholder                          |
|                                                                    | Others - Dividend paid/unpaid                  | 161                                         | 577                                                     | Shareholder                          |
| Dreams Broking Private Limited                                     | Shares held                                    | -                                           | 600                                                     | Shareholder                          |
|                                                                    | Others - Dividend paid/unpaid                  | 1,620                                       | -                                                       | Shareholder                          |
| Gunti & Company Private Limited                                    | Shares held                                    | -                                           | 90                                                      | Shareholder                          |
|                                                                    | Others - Dividend paid/unpaid                  | 215                                         | 1,400                                                   | Shareholder                          |
| Highlands Garments Private Limited                                 | Shares held                                    | -                                           | 30                                                      | Shareholder                          |
|                                                                    | Others - Dividend paid/unpaid                  | 80                                          | -                                                       | Shareholder                          |
| Kothari Intergroup Limited                                         | Shares held                                    | -                                           | 2                                                       | Shareholder                          |
|                                                                    | Others - Dividend paid/unpaid                  | 4                                           | 24                                                      | Shareholder                          |
| Mahila Credit And Investment Company Private Limited               | Shares held                                    | -                                           | 30                                                      | Shareholder                          |
|                                                                    | Others - Dividend paid/unpaid                  | 80                                          | 181                                                     | Shareholder                          |
| R. Sanghi Stock Brokers And Finance (P) Limited                    | Shares held                                    | -                                           | 8                                                       | Shareholder                          |
|                                                                    | Others - Dividend paid/unpaid                  | 21                                          | -                                                       | Shareholder                          |
| Wilway Engineering And Construction Private Limited                | Payment / Invoice raised                       | -                                           | 1,47,645                                                | Vendor                               |
| Knorr Bremse Systems For Commercial Vehicles India Private Limited | Payment / Invoice raised                       | 5,27,130                                    | -                                                       | Vendor                               |

## Notes to the Financial Statements

### Note 45 : Relationship with Struck off companies (Contd..)

| Name of the struck off company | Nature of transactions with struck off company | Transactions during the year (Amount in ₹) | Balance outstanding* as at 31 March 2025 (Amount in ₹) | Relationship with struck off company |
|--------------------------------|------------------------------------------------|--------------------------------------------|--------------------------------------------------------|--------------------------------------|
| Star Wire India Limited        | Advance to Vendor                              | 7,29,000                                   | 7,29,000                                               | Vendor                               |
| Kans Builders Private Limited  | Sales & Receipt                                | 10,384                                     | -                                                      | Customer                             |
| R.M.H. Diesels Private Limited | Sales & Receipt                                | -                                          | 73,704                                                 | Customer                             |

\* In case of shareholder, balance outstanding represents face value of the shares held and unpaid dividend thereupon. The amount outstanding excludes dividend transferred to Investor Education and Protection Fund (IEPF).

#### As at 31 March 2024

| Name of the struck off company                       | Nature of transactions with struck off company | Transactions during the year (Amount in ₹) | Balance outstanding* as at 31 March 2024 (Amount in ₹) | Relationship with struck off company |
|------------------------------------------------------|------------------------------------------------|--------------------------------------------|--------------------------------------------------------|--------------------------------------|
| Alike Trading Private Limited                        | Shares held                                    | -                                          | 60                                                     | Shareholder                          |
|                                                      | Others - Dividend paid/unpaid                  | 134                                        | 416                                                    | Shareholder                          |
| Dreams Broking Private Limited                       | Shares held                                    | -                                          | 600                                                    | Shareholder                          |
|                                                      | Others - Dividend paid/unpaid                  | 1,350                                      | -                                                      | Shareholder                          |
| Gunti & Company Private Limited                      | Shares held                                    | -                                          | 90                                                     | Shareholder                          |
|                                                      | Others - Dividend paid/unpaid                  | 179                                        | 1,185                                                  | Shareholder                          |
| Highlands Garments Private Limited                   | Shares held                                    | -                                          | 30                                                     | Shareholder                          |
|                                                      | Others - Dividend paid/unpaid                  | 67                                         | -                                                      | Shareholder                          |
| Kothari Intergroup Limited                           | Shares held                                    | -                                          | 2                                                      | Shareholder                          |
|                                                      | Others - Dividend paid/unpaid                  | 3                                          | 20                                                     | Shareholder                          |
| Mahila Credit And Investment Company Private Limited | Shares held                                    | -                                          | 30                                                     | Shareholder                          |
|                                                      | Others - Dividend paid/unpaid                  | 67                                         | 67                                                     | Shareholder                          |
| R. Sanghi Stock Brokers And Finance (P) Limited      | Shares held                                    | -                                          | 8                                                      | Shareholder                          |
|                                                      | Others - Dividend paid/unpaid                  | 18                                         | -                                                      | Shareholder                          |
| Wilway Engineering And Construction Private Limited  | Payment / Invoice raised                       | -                                          | 1,47,645                                               | Vendor                               |
| Kans Builders Private Limited                        | Sales & Receipt                                | 11,328                                     | -                                                      | Customer                             |
| Axay Auto Spares Private Limited                     | Sales & Receipt                                | 35,25,278                                  | -                                                      | Customer                             |
| B. S. S. Real Estate Private Limited                 | Sales & Receipt                                | 10,089                                     | -                                                      | Customer                             |
| Direct Mechanical Services Limited                   | Sales & Receipt                                | 74,15,141                                  | -                                                      | Customer                             |
| R.M.H. Diesels Private Limited                       | Sales & Receipt                                | -                                          | 73,704                                                 | Customer                             |
| Sahni Auto Components Private Limited                | Sales & Receipt                                | 86,214                                     | -                                                      | Customer                             |

\* Balance outstanding represents face value of the shares held and unpaid dividend thereupon.

-Movement in shareholders' balances as at 31 March 2024 vis-à-vis 31 March 2023 is on account of transfer to IEPF during the previous year.

### Note 46 : Disclosures for investments and transactions through/ as an intermediary to ultimate beneficiary

- (a) 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 persons or entities, 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 to or on behalf of the ultimate beneficiaries except the following :

# Notes to the Financial Statements

## Note 46 : Disclosures for investments and transactions through/ as an intermediary to ultimate beneficiary (Contd..)

### A. Details of investments made or loans given to intermediaries :

#### For the year ended 31 March 2025

| Name of intermediary           | Date of transaction | Nature of transactions                                                                    | Amount                               |
|--------------------------------|---------------------|-------------------------------------------------------------------------------------------|--------------------------------------|
| <b>Subsidiary company:</b>     |                     |                                                                                           |                                      |
| Kirloskar Americas Corporation | 7 May 2024          | Investment in OCRNPS (Optionally Convertible Redeemable Non-Cumulative Preference Shares) | USD 2.50 million<br>(₹ 20.88 Crores) |

#### For the year ended 31 March 2024

| Name of intermediary                    | Date of transaction | Nature of transactions                                                                    | Amount                               |
|-----------------------------------------|---------------------|-------------------------------------------------------------------------------------------|--------------------------------------|
| <b>Subsidiary companies:</b>            |                     |                                                                                           |                                      |
| Arka Financial Holdings Private Limited | 30 May 2023         | Equity investment                                                                         | ₹ 36.05 Crores                       |
| Kirloskar Americas Corporation          | 24 November 2023    | Investment in OCRNPS (Optionally Convertible Redeemable Non-Cumulative Preference Shares) | USD 2.50 million<br>(₹ 20.85 Crores) |

### B. Details of further investments made or inter corporate deposits/loans given by intermediary to ultimate beneficiary

#### For the year ended 31 March 2025

| Name of intermediary                    | Name of ultimate beneficiary                      | Date of transaction | Nature of transactions | Amount                               |
|-----------------------------------------|---------------------------------------------------|---------------------|------------------------|--------------------------------------|
| <b>Subsidiary company:</b>              | <b>Step-down subsidiary company:</b>              |                     |                        |                                      |
| Arka Financial Holdings Private Limited | Arka Investment Advisory Services Private Limited | On various dates    | Equity investment*     | ₹ 2.71 Crores                        |
|                                         | <b>Other Entity :</b>                             |                     |                        |                                      |
|                                         | Arka Credit Fund I                                | On various dates    | Investment in units*   | ₹ 1.25 Crores                        |
| Kirloskar Americas Corporation          | Engines LPG,LLC dba Wildcat Power Gen             | On various dates    | Loan#                  | USD 2.56 million<br>(₹ 21.38 Crores) |

\* Out of the total unutilised amount of ₹ 3.96 Crores with Arka Financial Holding Private Limited (AFHPL) as at 31 March 2024, during the year AFHPL has further invested ₹1.25 Crores in units of Arka Credit Fund I and invested balance amount of ₹ 2.71 Crores in the rights issue of Arka Investment Advisory Private Limited (AIASPL).

# Includes total unutilised amount of USD 0.21 million (₹ 1.74 Crores) with Kirloskar Americas Corporation (KAC) as at 31 March 2024, during the year which has been further advanced to Engines LPG,LLC dba Wildcat Power Gen.

#### For the year ended March 2024

| Name of intermediary                    | Name of ultimate beneficiary                      | Date of transaction | Nature of transactions | Amount                               |
|-----------------------------------------|---------------------------------------------------|---------------------|------------------------|--------------------------------------|
| <b>Subsidiary company:</b>              | <b>Step-down subsidiary companies:</b>            |                     |                        |                                      |
| Arka Financial Holdings Private Limited | Arka Fincap Limited                               | 5 June 2023         | Equity investment      | ₹ 27 Crores                          |
|                                         | Arka Investment Advisory Services Private Limited | 28 August 2023      | Equity investment      | ₹ 2 Crores                           |
|                                         | <b>Other Entity :</b>                             |                     |                        |                                      |
|                                         | Arka Credit Fund I                                | On various dates    | Investment in units    | ₹ 3.75 Crores                        |
| <b>Subsidiary company:</b>              | <b>Step-down subsidiary company:</b>              |                     |                        |                                      |
| Kirloskar Americas Corporation          | Engines LPG,LLC dba Wildcat Power Gen             | 29 November 2023    | Equity investment      | USD 0.36 million<br>(₹ 2.98 Crores)  |
|                                         |                                                   | On various dates    | Loan                   | USD 1.93 million<br>(₹ 16.13 Crores) |



## Notes to the Financial Statements

### Note 46 : Disclosures for investments and transactions through/ as an intermediary to ultimate beneficiary (Contd..)

| Name of Company                                   | Registered address                                                                                                         | Identification No. (CIN/Others) |
|---------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|---------------------------------|
| Arka Investment Advisory Services Private Limited | 2504, 2505, 2506, 25th Floor, One Lodha Place, Lodha World Towers, Senapati Bapat Marg, Lower Parel, Mumbai- 400013, India | U67110MH2022PTC379494           |
| Kirloskar Americas Coporation                     | 33300 Egypt Lane, Suite C300, Magnolia, Texas-77354, United States of America                                              | 47-4054880                      |
| Engines LPG,LLC dba Wildcat Power Gen             | 930 N Mosley, Wichita, KS 67204, United States of America                                                                  | 2226892                         |
| Arka Credit Fund I                                | 2504, 2505, 2506, 25th Floor, One Lodha Place, Lodha World Towers, Senapati Bapat Marg, Lower Parel, Mumbai- 400013, India | IN/AIF2/22-23/1154              |
| Arka Financial Holdings Private Limited           | 2504, 2505, 2506, 25th Floor, One Lodha Place, Lodha World Towers, Senapati Bapat Marg, Lower Parel, Mumbai- 400013, India | U65993MH2021PTC363806           |

- (b) No funds have been received by the Company from any persons or entities, 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.

### Note 47 : Ratios

| Sr No. | Ratios                           | Formulas                                              | 31 March 2025 | 31 March 2024 | % Variance | Reason for variance - ratio exceeding 25%                                                                                            |
|--------|----------------------------------|-------------------------------------------------------|---------------|---------------|------------|--------------------------------------------------------------------------------------------------------------------------------------|
| 1      | Current Ratio                    | Current assets/Current liabilities                    | 1.68          | 1.45          | 16%        | NA                                                                                                                                   |
| 2      | Debt-Equity Ratio                | Total debt/Shareholders' equity                       | 0.06          | 0.08          | -27%       | Decrease mainly on account of decrease in current borrowings and part repayment of secured term loan availed for immovable property. |
| 3      | Debt Service Coverage Ratio      | Earnings available for debt service/Debt service      | 3.86          | 3.10          | 24%        | NA                                                                                                                                   |
| 4      | Return on Equity Ratio           | Net profits after taxes/ Average shareholders' equity | 15.43%        | 14.60%        | 6%         | NA                                                                                                                                   |
| 5      | Inventory turnover ratio         | Cost of goods sold/ Average inventory                 | 6.56          | 6.54          | 0%         | NA                                                                                                                                   |
| 6      | Trade Receivables turnover ratio | Net credit sales / Average accounts receivable        | 8.32          | 9.28          | -10%       | NA                                                                                                                                   |
| 7      | Trade Payables turnover ratio    | Net credit purchases / Average trade payable          | 4.79          | 4.85          | -1%        | NA                                                                                                                                   |

# Notes to the Financial Statements

## Note 47 : Ratios (Contd..)

| Sr No. | Ratios                     | Formulas                                                                             | 31 March 2025 | 31 March 2024 | % Variance | Reason for variance - ratio exceeding 25% |
|--------|----------------------------|--------------------------------------------------------------------------------------|---------------|---------------|------------|-------------------------------------------|
| 8      | Net capital turnover ratio | Net sales /Working capital                                                           | 8.17          | 10.73         | -24%       | NA                                        |
| 9      | Net profit ratio           | Net profit /Net sales                                                                | 8.51%         | 7.52%         | 13%        | NA                                        |
| 10     | Return on Capital employed | Earning before interest & tax (PBIT)/Capital employed                                | 19.63%        | 18.18%        | 8%         | NA                                        |
| 11     | Return on investment*      | Income generated from invested funds/ average funds invested in treasury investments | 7.53%         | 6.96%         | 8%         | NA                                        |

\*Treasury investments include mutual funds and fixed deposits.

**Note 48 : Previous year's figures have been re-grouped wherever considered necessary to make them comparable with those of the current year.**

### Signatures to Note 1 to 48 forming part of the Financial Statements.

As per our attached report of even date

For **G. D. APTE & CO.**

Chartered Accountants

Firm Registration Number : 100515W

**ANAGHA M. NANIVADEKAR**

Partner

Membership Number : 121007

Pune: 14 May 2025

For and on behalf of the **Board of Directors**

**ATUL KIRLOSKAR**

Non-Executive Director

DIN: 00007387

**RAHUL SAHAI**

Chief Executive Officer

**SACHIN KEJRIWAL**

Chief Financial Officer

ACA :66309

**GAURI KIRLOSKAR**

Managing Director

DIN:03366274

**FARAH IRANI**

Company Secretary

ACS: 21182

Pune: 14 May 2025

# Independent Auditor's Report on Consolidated Financial Statements

## To The Members of Kirloskar Oil Engines Limited

Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying Consolidated Financial Statements of Kirloskar Oil Engines Limited (hereinafter referred to as the "Holding Company") and its subsidiaries including the joint venture of its subsidiary (the Holding Company and its subsidiaries together referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2025, the Consolidated Statement of Profit and Loss (including Other Comprehensive Loss), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate / consolidated financial statements of the subsidiaries, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013, as amended ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its joint venture as at March 31, 2025, its consolidated profit, consolidated changes in equity and its consolidated cash flows for the year then ended.

### Basis for Opinion

We conducted our audit of Consolidated Financial Statements in accordance with the Standards on Auditing (SAs) as specified

under section 143(10) of the Act. Our responsibilities under those standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group and its joint venture in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion, on the Consolidated Financial Statements.

### Key Audit Matters

Key audit matters are those matters that in our professional judgment and based on the consideration of the reports of the other auditors on Separate / Consolidated Financial Statements and on the other financial information of the subsidiaries were of most significance in our audit of the financial statements for the year ended March 31, 2025. 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.

We have determined the matters described below to be the key audit matters to be communicated in our report.

| Sr No. | Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.     | <p><b>Revenue Recognition:</b></p> <p>During the financial year, the Group has recognised revenue from contracts with customers for sale of goods and services of ₹ 5,514.37 Crores (Refer Note 33 of Consolidated Financial Statements).</p> <p>We have identified revenue recognition as a key audit matter since it involves significant management judgement and estimates including whether contracts contain multiple performance obligations which should be accounted for separately. This comprises allocation of the transaction price to each performance obligation and assessing whether the identified performance obligations are satisfied at a point in time or satisfied over a period of time and determining when the control is transferred.</p> | <p>Our audit procedures to address this key audit matter included, but were not limited to the following:</p> <ul style="list-style-type: none"> <li>Obtained an understanding and assessed internal controls and its effectiveness with regards to recognition of revenue.</li> <li>Analysed major streams of revenue of Group to assess whether the method of revenue recognition is consistent with 'Ind AS 115, Revenue from Contracts with Customers' and has been applied consistently.</li> <li>Focused on contract classification, determination of the performance obligations and determination of transaction price including variable consideration for selected samples.</li> <li>Tested on sample basis whether revenue transactions near to the reporting date have been recognized in the appropriate period based on terms of the contract.</li> </ul> |

| Sr No. | Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <ul style="list-style-type: none"> <li>Evaluated and critically analysed on sample basis, the significant judgements and estimates made by the management in applying the accounting policy for allocation of transaction price and the timing of transfer of control.</li> <li>Analysed the report/information received from independent auditor/management in case of the subsidiaries which we have not audited.</li> <li>Critically analysed the adequacy and appropriateness of disclosures required as per 'Ind AS 115, Revenue from Contracts with Customers'.</li> </ul> <p>Our audit procedures did not reveal any significant adjustments with respect to revenue recognition.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 2      | <p><b>Testing of Impairment of Goodwill</b></p> <p>The Group carries goodwill of ₹ 191.43 Crores resulting from business acquisition of the subsidiary La- Gajjar Machineries Private Limited (₹ 185.76 Crores) and Step-down subsidiary Engines LPG, LLC doing business as Wildcat Power Gen (₹ 5.67 Crores)</p> <p>The Group tests goodwill for impairment annually as per requirement of 'Ind AS 36, Impairment of Assets' which involves significant estimates and judgements. Due to inherent uncertainties involved in forecasting of cash flows, which are the basis of the assessment of recoverability of goodwill, this is one of the key judgmental areas.</p> <p>We have identified this as a key audit matter due to the significance of the amount of goodwill to the Group's financial statements and significant estimates and judgements involved in impairment testing.</p> | <p><b>Our audit procedures to address this key audit matter included, but were not limited to the following:</b></p> <ul style="list-style-type: none"> <li>Obtaining an understanding of the management process and evaluating the design and testing of operating effectiveness of controls over identification of impairment indicators and process followed by the management for impairment testing.</li> <li>Obtained an understanding of Group's evaluation of identification of cash generating units and allocation of goodwill to the respective cash generating units.</li> <li>Evaluated the underlying key assumptions in estimating projections including future cash flows.</li> <li>Evaluated reasonableness of assumptions and methodologies used by the Group and external experts appointed by the Group.</li> <li>Analysed external valuation reports, obtained by the Group for its impairment assessment.</li> <li>Assessed the sensitivity of the outcome of impairment assessment to changes in key assumptions.</li> <li>Critically analysed the adequacy and appropriateness of disclosures required as per 'Ind AS 36- Impairment of Assets'.</li> </ul> <p>Our audit procedures did not reveal any significant adjustments with respect to testing of goodwill impairment.</p> |



The following Key audit matter was included in the audit report dated April 29, 2025, containing an unmodified audit opinion on the Consolidated Financial Statements of La-Gajjar Machineries Private Limited, a subsidiary of the Holding Company issued by other auditor, reproduced by us as under:

| Sr No. | Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.     | <p><b>Capital Expenditure in respect of Property, Plant and Equipment (PPE)</b></p> <p>The company has incurred significant expenditure of ₹ 169.82 Crores on capital projects.</p> <p><b>We considered Capital expenditure to PPE as a key audit matter due to:</b></p> <ul style="list-style-type: none"> <li>Significance of amount incurred on such items during the year ended March 31, 2025.</li> <li>Judgement and estimate required by the management in assessing assets meeting the capitalization criteria set out in Ind AS 16 Property, Plant and Equipment.</li> <li>Judgement involved in determining the eligibility of costs including borrowing cost and other directly attributable costs for capitalization as per the criteria set out in Ind AS 16 Property, Plant and Equipment.</li> </ul> | <p><b>Our audit methodology to address this key audit matter included the following:</b></p> <ul style="list-style-type: none"> <li>We obtained an understanding of the Company's capitalization policy and assessed for compliance with the relevant accounting standards.</li> <li>We obtained understanding, evaluated the design and tested the operating effectiveness of controls related to capital expenditure and capitalization of assets.</li> <li>We performed substantive testing on a sample basis for each element of capitalized costs and directly attributable cost, including verification of underlying supporting evidence and understanding nature of costs capitalized.</li> <li>We have compared the budgeted expenditure against the actual expenditure and analysed the variance for the short/ excess expenditure.</li> <li>We have tested on sample basis the appropriate classification of asset category and its useful life in accordance with Schedule II of the companies Act, 2013</li> <li>We have obtained componentization and Completion reports issued by third party management experts (Project management consultant) for capitalisations carried out during the year and have assessed appropriateness of basis of componentization and stages of completion.</li> <li>In relation to borrowing costs we obtained the supporting calculations, tested the inputs to the calculation and tested the arithmetical accuracy of the model.</li> </ul> |

The following Key audit matter was included in the audit report dated April 30, 2025, containing an unmodified audit opinion on the separate financial statements of Arka Fincap Limited, a step-down subsidiary of the Holding Company issued by other auditors, reproduced by us as under:

| Sr No. | Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.     | <p><b>Information Technology (IT) systems &amp; controls</b></p> <p>The Company's key financial accounting and reporting processes are highly dependent on the automated controls over the Company's information systems, such that there exists a risk that gaps in the IT general control environment could result in a misstatement of the financial accounting and reporting records. Accordingly, we have considered user access management, segregation of duties and controls over system change over key financial accounting and reporting systems, as a key audit matter.</p> | <p><b>Our Audit Approach:</b></p> <p>With the assistance of our IT specialists, we obtained an understanding of the Company's IT applications, databases and operating systems relevant to financial reporting and the control environment.</p> <p>Our audit approach was a combination of test of internal controls and substantive procedures on the areas of the IT infrastructure, which majorly focused access security (including controls over privileged access), program change controls, database management and network operations.</p> <p>In particular, our activity included the following:</p> <p><b>General IT controls design, observation and operation:</b></p> <ul style="list-style-type: none"> <li>Understood the changes made in the IT environment during the year and ascertained its effect on the financial statements controls and accounts.</li> <li>Tested key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations</li> </ul> |

| Sr<br>No. | Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
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| 2         | <p><b>Accuracy of recognition, measurement, presentation and disclosures of Impairment of Loans and Advances (Expected Credit Loss)</b></p> <p>Ind AS 109: Financial Instruments ("Ind AS 109") requires the Company to provide for impairment of its Loan &amp; Advances and Investments ("Financial Instruments") using the Expected Credit Losses ("ECL") approach. ECL involves an estimation of probability-weighted loss on Financial Instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances and Investments.</p> <p>In the process, a significant degree of judgement has been applied by the management for:</p> <ol style="list-style-type: none"> <li>Defining qualitative/ quantitative thresholds for 'significant increase in credit risk' ("SICR") and 'default' categorically for corporate portfolio, wherein Company's credit risk function also segregates loans with specific risk characteristics based on trigger events identified using sufficient and credible information available from internal sources supplemented by external data. Impairment allowance for these exposures are reviewed and accounted on a case by case basis.</li> <li>Determining effect of less frequent past events on future probability of default.</li> <li>Grouping of borrowers based on homogeneity by using appropriate statistical techniques.</li> <li>Determining macroeconomic factors impacting credit quality of receivables.</li> <li>Data inputs - The application of ECL model requires inputs from several data sources</li> </ol> | <p><b>User access controls operation:</b></p> <ul style="list-style-type: none"> <li>Obtained management's evaluation of the access rights granted to applications relevant to financial accounting and reporting systems and tested resolution of a sample of expectations. Further, we assessed the operating effectiveness of controls over granting, removal and appropriateness of access rights.</li> </ul> <p><b>Application controls:</b></p> <ul style="list-style-type: none"> <li>We tested the design and operating effectiveness of automated controls critical to financial accounting and reporting.</li> <li>For any identified deficiencies, tested the design and operating effectiveness of compensating controls and, where necessary, extended the scope of our substantive audit procedures.</li> <li>Our tests also included testing of the compensating controls or alternate procedures to assess whether there were any unaddressed IT risks that would materially impact the Financial Statements.</li> </ul> <p><b>Our Audit Approach:</b></p> <p>Our audit approach was a combination of test of internal controls and substantive procedures which included the following:</p> <ul style="list-style-type: none"> <li>Evaluating the Company's accounting policies, as approved by the Board of Directors, for impairment of Financial Instruments and assessing compliance with the policies in terms of Ind AS 109: Financial Instruments.</li> <li>Obtained an understanding of the modelling techniques / models adopted by the Company including the key inputs and assumptions including overlays, if any;</li> <li>Evaluated the reasonableness of the management estimates by analysing the underlying assumptions and testing of controls around data extraction / validation.</li> <li>Assessed the criteria for staging of loans based on their past-due status to check compliance with the requirement of Ind-AS 109. Tested samples of Stage 1 loans, to assess whether any SICR or loss indicators were present requiring them to be classified under Stage 2 or Stage 3.</li> <li>Evaluated the appropriateness of the Company's determination of Significant Increase in Credit Risk ("SICR") in accordance with the applicable accounting standard and the basis for classification of various exposures into various stages.</li> <li>Performed test of details over calculation of ECL, in relation to the completeness and accuracy of the data;</li> <li>Obtained written representations from management on whether they believe significant assumptions used in calculation of expected credit losses are reasonable;</li> <li>Discussed with the management, the approach, interpretation, systems and controls implemented in relation to probability of default and stage-wise bifurcation of product-wise portfolios for timely ascertainment of stress and early warning signals.</li> <li>Read and assessed the disclosures included in the Ind AS financial statements in respect of expected credit losses with the requirements of Ind AS 107 Financial Instruments: Disclosure ("Ind AS 107"), Ind AS 109 and related RBI circulars.</li> </ul> |

## Other Information

The Holding Company's Board of Directors is responsible for the Other Information. The Other Information comprises the information included in the Management Discussion and Analysis, Corporate Governance, Business Responsibility and Sustainability Report and Report of the Directors but does not include the Consolidated Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance, the consolidated statement of changes in equity and consolidated Cash Flows of the Group and its joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and joint venture of its subsidiary are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its joint venture and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Board of Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and its joint venture along with that of the Holding Company are responsible for assessing the ability of their respective companies to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

accounting unless their respective Board of Directors or the Board of Directors of the Holding company 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 and of its joint venture along with that of the Holding Company are also responsible for overseeing the financial reporting process of their relevant companies within the Group and of its joint venture.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to Consolidated Financial Statements 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 ability of the Group and its joint venture 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 the entities or business activities within the Group and its joint venture of which we are the independent auditors and whose financial information we have audited, to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the Financial Statement of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements for the financial year ended March 31, 2025 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

- i. We did not audit the Consolidated Financial Statements of one subsidiary and standalone financial statements of one step-down subsidiary whose financial statements, before consolidation adjustments, reflect Group's share of total assets of ₹ 7,408.78 Crores as at March 31, 2025, Group's share of total income of ₹ 1,302.68 Crores, Group's share of total net profit of ₹ 84.08 Crores and Group's total

comprehensive income of ₹ 83.08 Crores for the year ended March 31, 2025 and net cash inflow of ₹ 243.17 Crores for the year ended as on that date, as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors, which along with auditors' reports thereon have been furnished to us by the management of the Holding Company and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary and its joint venture and the step-down subsidiary, and our report in terms of sub section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiaries is based solely on the reports of other auditor.

- ii. We did not audit the Consolidated Financial Statements of a subsidiary and Standalone Financial Statements of another subsidiary whose financial statements, before consolidation adjustments, reflect Group's share of total assets of ₹ 75.24 Crores as at March 31, 2025, Group's share of total income of ₹ 51.84 Crores, Group's share of total net profit / (loss) of ₹ (20.84) Crores and Group's share of total comprehensive Income / (loss) of ₹ (20.82) Crores for the year ended March 31, 2025 and cash outflow of ₹ (0.01) Crores for the year ended as on that date as considered in the Consolidated Financial Statements. These Consolidated Financial Statements are unaudited and have been furnished to us by the management of the Holding Company and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiaries is based solely on such unaudited Consolidated Financial Statements and Standalone Financial Statements respectively. In our opinion and according to the information and explanations given to us by the management of the Holding Company, these Consolidated Financial Statements are not material to the Group.

Our opinion on the Consolidated Financial Statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditors and the Consolidated Financial Statements and Standalone Financial Statements certified by the respective management.

### Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on the separate / consolidated financial statements of subsidiaries and joint venture of its subsidiary and the Other Financial Information of subsidiaries and joint venture of its subsidiary as noted in the 'Other Matters' paragraph, we report to the extent applicable that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.



- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the report of the other auditors except for the matters stated in the paragraph 1(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended);
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Loss), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows 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 Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
- e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2025 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiaries and joint venture of its subsidiary, incorporated in India, none of the directors of the Group and its joint venture are disqualified as on March 31, 2025 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 with reference to Consolidated Financial Statements of the Holding Company, its subsidiaries and joint venture of its subsidiary incorporated in India and the operating effectiveness of such controls, refer our separate Report in "Annexure A" which is based on the auditors' reports of the Holding Company, its subsidiaries and its joint venture incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls with reference to the Consolidated Financial Statements.
- g. In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid / provided for by the Holding Company, a subsidiary Company and a Step down subsidiary Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate / consolidated financial statements as also the other financial information of the subsidiaries and joint venture of its subsidiary as noted in the 'Other Matters' paragraph:
- (i) The Consolidated Financial Statements disclose the impact, of pending litigations as at March 31, 2025 on the consolidated financial position of the Group, Refer Note 44.6.1 to the Consolidated Financial Statements;
  - (ii) The Group 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 Holding Company, its subsidiaries and joint venture of its subsidiary incorporated in India during the year ended March 31, 2025.
  - (iv) (a) The respective managements of the Group and its joint venture have represented to us and the other auditors of the subsidiaries as referred to in the Other Matters paragraph that to the best of their knowledge or 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 Group and its joint venture 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 Group and its joint venture (ultimate beneficiaries) or provide any guarantee, security or the like on behalf of the ultimate beneficiaries;
  - (b) The respective managements of the Group and its joint venture have represented to us and the other auditors of the subsidiaries as referred to in the Other Matters paragraph that to the best of their knowledge or belief, no funds have been received by the Group and its joint venture from any other person(s) or entity(ies) including foreign entities (funding parties) with the understanding, whether recorded in writing or otherwise, that the Group and its joint venture 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 the audit procedures, considered reasonable and appropriate in the circumstances, carried out by us and the other auditors of the subsidiaries as referred to in the Other Matters paragraph, nothing has come to our notice that has caused us to believe that the representation under clause (iv)(a) & (iv)(b) contain any material misstatements.
- (v) (a) The final dividend proposed for the previous year, declared and paid by the Holding Company during the year is in accordance with Section 123 of the Act, as applicable.
- (b) The interim dividend declared and paid by the Holding Company during the year and until the date of this report is in compliance with Section 123 of the Act.
- (c) The Board of Directors of the Holding Company have proposed final dividend for the year in accordance with Section 123 of the Act which is subject to the approval of the members at the ensuing Annual General Meeting.
- (d) The dividend declared and/or paid on equity and preference shares by two subsidiaries during the year is in compliance with Section 123 of the Act.
- (vi) According to the information and explanations given to us and based on our examination which included appropriate test checks, and on the basis of reports from the other auditors of a subsidiary and step-down subsidiary, we report that the

Company and its subsidiaries and joint ventures incorporated in India have used accounting software for maintaining its books of account which has the feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except for one of the subsidiaries viz. Arka Fincap Limited where audit trail feature is not enabled at the database level throughout the year in respect of three accounting applications(s). Further, except for the accounting software(s) referred above, where the audit trail feature is not enabled, we did not come across any instance of tampering of the audit trail feature during the course of our audit and the audit trail has been preserved by the Group as per the statutory requirements for record retention.

- (vii) With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Holding Company, a subsidiary and a step-down subsidiary and by other auditors of its subsidiary and a step-down subsidiary incorporated in India included in the Consolidated Financial Statements of the Group, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports except that the auditors of one of the subsidiaries viz. La-Gajjar Machineries Private Limited have drawn attention to reported disclosures in clause number 3(xi)(a).

For **G. D. Apte & Co.**

Chartered Accountants

Firm Registration Number: 100515W

UDIN: 25121007BMITBE3322

**Anagha M. Nanivadekar**

Partner

Membership Number: 121007

Pune, May 14, 2025

## Annexure A to the Independent Auditor's Report of even date on the Consolidated Financial Statements of Kirloskar Oil Engines Limited.

### Report on the Internal Financial Controls with reference to Consolidated Financial Statements 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 Kirloskar Oil Engines Limited (hereinafter referred to as the "Holding Company") as at and for the year ended March 31, 2025, we have audited the internal financial controls with reference to Consolidated Financial Statements of the Holding Company and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and joint venture of its subsidiary, which are companies incorporated in India, as of that date.

#### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Group and its joint venture 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 (the "Guidance Note") 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 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 Holding Company's internal financial controls with reference to Consolidated Financial Statements of the Holding Company, its subsidiaries and joint venture of its subsidiary 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") and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to Consolidated Financial Statements and both issued by the Institute of Chartered Accountants of India. 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 with reference to Consolidated Financial Statements were 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 internal financial controls with reference to Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Consolidated Financial Statements included obtaining an understanding of internal financial controls, 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 Consolidated Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their report referred to in 'Other Matters' paragraph below, in respect of Holding Company and its subsidiary companies and joint venture of its subsidiary incorporated in India, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to Consolidated Financial Statements.

#### Meaning of Internal Financial Controls over financial reporting with reference to Consolidated Financial Statements

A Company's internal financial control over financial reporting with reference to Consolidated Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting with reference to Consolidated Financial Statements 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 consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Consolidated Financial Statements.

### Inherent Limitations of Internal Financial Controls over financial reporting with reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to Consolidated Financial Statements, 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 with reference to Consolidated Financial Statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to Consolidated Financial Statements 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, the Holding Company, its subsidiaries and joint venture of its subsidiary incorporated in India, have, in all material respects, adequate internal financial controls with reference to Consolidated Financial Statements and such internal financial

controls were operating effectively as at March 31, 2025, 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.

### Other Matter

Our report under Section 143 (3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to Consolidated Financial Statements of the Holding Company, in so far as it relates to audited Consolidated Financial Statements of a subsidiary and audited Standalone Financial Statements of a step-down subsidiary incorporated in India, is based on the corresponding audit reports of the auditors on the Consolidated Financial Statements of the said subsidiary and Standalone Financial Statements of the said step-down subsidiary, incorporated in India.

Our opinion is not modified in respect of the above matter.

For **G. D. Apte & Co.**

Chartered Accountants

Firm Registration Number: 100515W

UDIN: 25121007BMITBE3322



**Anagha M. Nanivadekar**

Partner

Membership Number: 121007

Pune, May 14, 2025



# Consolidated Balance Sheet

as at 31 March 2025

₹ in Crores

| Particulars                                                                               | Note No. | As at<br>31 March 2025 | As at<br>31 March 2024 |
|-------------------------------------------------------------------------------------------|----------|------------------------|------------------------|
| <b>Assets</b>                                                                             |          |                        |                        |
| <b>I. Non-current assets</b>                                                              |          |                        |                        |
| (a) Property, plant and equipment                                                         | 1a       | 752.93                 | 426.73                 |
| (b) Capital work-in-progress                                                              | 1a       | 71.06                  | 252.06                 |
| (c) Right-of-use assets                                                                   | 1b       | 99.40                  | 58.21                  |
| (d) Goodwill                                                                              | 2        | 191.43                 | 191.43                 |
| (e) Other Intangible assets                                                               | 2        | 138.88                 | 92.42                  |
| (f) Intangible assets under development                                                   | 2        | 27.18                  | 40.61                  |
| (g) Financial assets                                                                      |          |                        |                        |
| (i) Investments                                                                           | 3        | 90.20                  | 36.06                  |
| (ii) Loans and Receivables of financial services business                                 | 4        | 4,548.43               | 3,325.41               |
| (iii) Loans                                                                               | 5        | 0.01                   | 0.03                   |
| (iv) Other financial assets                                                               | 6        | 117.98                 | 71.75                  |
| (h) Deferred tax assets (net)                                                             | 25 (a)   | 4.11                   | 13.16                  |
| (i) Income tax assets (net)                                                               | 7        | 24.87                  | 40.13                  |
| (j) Other non-current assets                                                              | 8        | 23.05                  | 13.83                  |
| <b>Total Non-current assets</b>                                                           |          | <b>6,089.53</b>        | <b>4,561.83</b>        |
| <b>II. Current assets</b>                                                                 |          |                        |                        |
| (a) Inventories                                                                           | 9        | 591.30                 | 643.63                 |
| (b) Financial assets                                                                      |          |                        |                        |
| (i) Investments                                                                           | 10       | 510.52                 | 453.18                 |
| (ii) Trade receivables                                                                    | 11       | 695.86                 | 607.04                 |
| (iii) Cash and cash equivalents                                                           | 12a      | 741.06                 | 492.90                 |
| (iv) Bank balances other than (iii) above                                                 | 12b      | 255.52                 | 11.85                  |
| (v) Loans and Receivables of financial services business                                  | 13       | 1,452.18               | 1,379.46               |
| (vi) Loans                                                                                | 14       | 0.02                   | 0.03                   |
| (vii) Other financial assets                                                              | 15       | 22.09                  | 45.72                  |
| (c) Assets held for sale                                                                  | 16       | -                      | 20.88                  |
| (d) Current tax assets (net)                                                              | 17       | 26.99                  | -                      |
| (e) Other current assets                                                                  | 18       | 95.16                  | 61.35                  |
| <b>Total Current assets</b>                                                               |          | <b>4,390.70</b>        | <b>3,716.04</b>        |
| <b>Total Assets</b>                                                                       |          | <b>10,480.23</b>       | <b>8,277.87</b>        |
| <b>Equity and Liabilities</b>                                                             |          |                        |                        |
| <b>Equity</b>                                                                             |          |                        |                        |
| (a) Equity share capital                                                                  | 19       | 29.04                  | 28.99                  |
| (b) Other equity                                                                          | 20       | 3,057.46               | 2,647.22               |
| (c) Non-controlling interests                                                             |          | (29.78)                | (15.94)                |
| <b>Total Equity</b>                                                                       |          | <b>3,056.72</b>        | <b>2,660.27</b>        |
| <b>Liabilities</b>                                                                        |          |                        |                        |
| <b>I. Non-current liabilities</b>                                                         |          |                        |                        |
| (a) Financial liabilities                                                                 |          |                        |                        |
| (i) Borrowings                                                                            | 21       | 3,760.98               | 1,970.26               |
| (ii) Lease liabilities                                                                    | 22       | 34.98                  | 7.57                   |
| (iii) Other financial liabilities                                                         | 23       | 14.33                  | 16.51                  |
| (b) Provisions                                                                            | 24       | 52.78                  | 44.56                  |
| (c) Deferred tax liabilities (net)                                                        | 25 (b)   | 28.76                  | 9.65                   |
| (d) Other non-current liabilities                                                         | 26       | 82.44                  | 21.69                  |
| <b>Total Non-current liabilities</b>                                                      |          | <b>3,974.27</b>        | <b>2,070.24</b>        |
| <b>II. Current liabilities</b>                                                            |          |                        |                        |
| (a) Financial liabilities                                                                 |          |                        |                        |
| (i) Borrowings                                                                            | 27       | 1,999.85               | 2,154.42               |
| (ii) Lease liabilities                                                                    | 28       | 22.72                  | 9.59                   |
| (iii) Trade and other payables                                                            | 29       |                        |                        |
| a) total outstanding dues of micro enterprises and small enterprises                      |          | 118.39                 | 162.05                 |
| b) total outstanding dues of creditors other than micro enterprises and small enterprises |          | 589.92                 | 632.22                 |
| (iv) Other financial liabilities                                                          | 30       | 424.80                 | 362.39                 |
| (b) Other current liabilities                                                             | 31       | 159.17                 | 110.79                 |
| (c) Provisions                                                                            | 32       | 133.39                 | 115.90                 |
| (d) Current tax liabilities (net)                                                         | 32a      | 1.00                   | -                      |
| <b>Total Current liabilities</b>                                                          |          | <b>3,449.24</b>        | <b>3,547.36</b>        |
| <b>Total Equity and Liabilities</b>                                                       |          | <b>10,480.23</b>       | <b>8,277.87</b>        |
| Material accounting policies                                                              | 44       |                        |                        |
| The accompanying notes are an integral part of the financial statements.                  |          |                        |                        |

As per our attached report of even date

For and on behalf of the **Board of Directors**

For **G. D. APTE & CO.**  
Chartered Accountants  
Firm Registration Number : 100515W

**ATUL KIRLOSKAR**  
Non-Executive Director  
DIN: 00007387

**GAURI KIRLOSKAR**  
Managing Director  
DIN: 03366274

**ANAGHA M. NANIVADEKAR**  
Partner  
Membership Number : 121007  
Pune: 14 May 2025

**RAHUL SAHAI**  
Chief Executive Officer

**SACHIN KEJRIWAL**  
Chief Financial Officer  
ACA :66309

**FARAH IRANI**  
Company Secretary  
ACS: 21182  
Pune: 14 May 2025

# Consolidated Statement of Profit and Loss

 for the year ended 31 March 2025  
₹ in Crores

| Particulars                                                                                                                          | Note No. | 2024-2025       | 2023-2024       |
|--------------------------------------------------------------------------------------------------------------------------------------|----------|-----------------|-----------------|
| <b>Income</b>                                                                                                                        |          |                 |                 |
| Revenue from operations                                                                                                              | 33       | 6,349.13        | 5,898.32        |
| Other income                                                                                                                         | 34       | 46.58           | 28.64           |
| <b>Total Income</b>                                                                                                                  |          | <b>6,395.71</b> | <b>5,926.96</b> |
| <b>Expenses</b>                                                                                                                      |          |                 |                 |
| Cost of raw materials and components consumed                                                                                        | 35       | 2,808.73        | 2,731.15        |
| Purchase of traded goods                                                                                                             | 36       | 744.30          | 780.84          |
| Changes in inventories of finished goods, work-in-progress and traded goods                                                          | 37       | 38.86           | (14.76)         |
| Employee benefits expense                                                                                                            | 38       | 537.40          | 430.96          |
| Finance costs                                                                                                                        | 39       | 482.97          | 328.88          |
| Depreciation and amortisation expense                                                                                                | 40       | 139.79          | 118.80          |
| Other expenses                                                                                                                       | 41       | 1,045.80        | 962.46          |
| Expense capitalised                                                                                                                  |          | (16.90)         | (20.57)         |
| <b>Total expenses</b>                                                                                                                |          | <b>5,780.95</b> | <b>5,317.76</b> |
| <b>Profit before share of profit/(loss) of joint venture, exceptional items and tax</b>                                              |          | <b>614.76</b>   | <b>609.20</b>   |
| Share of net profit/(loss) of joint venture accounted for using the equity method                                                    |          | 0.73            | 1.33            |
| <b>Profit before exceptional items and tax</b>                                                                                       |          | <b>615.49</b>   | <b>610.53</b>   |
| Exceptional items [income/(expense)]                                                                                                 | 42       | 36.19           | (15.29)         |
| <b>Profit before tax</b>                                                                                                             |          | <b>651.68</b>   | <b>595.24</b>   |
| <b>Tax expense</b>                                                                                                                   |          |                 |                 |
| Current tax                                                                                                                          | 43       | 146.49          | 150.24          |
| (Excess)/short provision related to earlier years                                                                                    |          | (0.25)          | -               |
| Deferred tax                                                                                                                         | 43       | 29.62           | 5.30            |
| <b>Total Tax expense</b>                                                                                                             |          | <b>175.86</b>   | <b>155.54</b>   |
| <b>Profit for the year</b>                                                                                                           |          | <b>475.82</b>   | <b>439.70</b>   |
| <b>Other comprehensive income/(loss)</b>                                                                                             |          |                 |                 |
| <b>A. Items that will be reclassified to profit or loss in subsequent periods</b>                                                    |          |                 |                 |
| Exchange differences in translating the financial statements of a foreign operation                                                  | 20       | 0.02            | (0.07)          |
| Income tax effect (expenses)/income on above                                                                                         |          | -               | -               |
| <b>Net other comprehensive income/(loss) that will be reclassified to profit or loss in subsequent periods (A)</b>                   |          | <b>0.02</b>     | <b>(0.07)</b>   |
| <b>B. Items that will not be reclassified to profit or loss in subsequent periods</b>                                                |          |                 |                 |
| Re-measurement gain / (loss) on defined benefit plans                                                                                |          | (5.27)          | (4.35)          |
| Income tax (expenses)/income on above                                                                                                |          | 1.33            | 1.09            |
| <b>Subtotal (a)</b>                                                                                                                  |          | <b>(3.94)</b>   | <b>(3.26)</b>   |
| Net gain / (loss) on equity instruments measured at fair value through other comprehensive income                                    |          | (0.27)          | 0.10            |
| Income tax (expenses)/income on above                                                                                                |          | 0.10            | (0.02)          |
| <b>Subtotal (b)</b>                                                                                                                  |          | <b>(0.17)</b>   | <b>0.08</b>     |
| Share of Other comprehensive income of joint venture accounted using the equity method (net of tax) (c)                              |          | 0.00            | 0.02            |
| <b>Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods (B) = (a)+(b)+(c)</b> |          | <b>(4.11)</b>   | <b>(3.16)</b>   |
| <b>Total other comprehensive income/(loss) for the year, net of tax [A+B]</b>                                                        |          | <b>(4.09)</b>   | <b>(3.23)</b>   |
| <b>Total comprehensive income/(loss) for the year</b>                                                                                |          | <b>471.73</b>   | <b>436.47</b>   |
| <b>Profit for the year attributable to:</b>                                                                                          |          |                 |                 |
| Owners of the Company                                                                                                                |          | 489.15          | 441.87          |
| Non-controlling interest                                                                                                             |          | (13.33)         | (2.17)          |
|                                                                                                                                      |          | <b>475.82</b>   | <b>439.70</b>   |
| <b>Other comprehensive income/(loss) attributable to:</b>                                                                            |          |                 |                 |
| Owners of the Company                                                                                                                |          | (3.58)          | (3.22)          |
| Non-controlling interest                                                                                                             |          | (0.51)          | (0.01)          |
|                                                                                                                                      |          | <b>(4.09)</b>   | <b>(3.23)</b>   |
| <b>Total comprehensive income/(loss) attributable to:</b>                                                                            |          |                 |                 |
| Owners of the Company                                                                                                                |          | 485.57          | 438.65          |
| Non-controlling interest                                                                                                             |          | (13.84)         | (2.18)          |
|                                                                                                                                      |          | <b>471.73</b>   | <b>436.47</b>   |
| <b>Earnings per equity share [nominal value per share ₹ 2/- (31 March 2024: ₹ 2/-)]</b>                                              |          |                 |                 |
| Basic                                                                                                                                |          | 33.71           | 30.50           |
| Diluted                                                                                                                              |          | 33.60           | 30.46           |
| Material accounting policies                                                                                                         | 44       |                 |                 |
| The accompanying notes are an integral part of the financial statements.                                                             |          |                 |                 |

As per our attached report of even date

For and on behalf of the **Board of Directors**For **G. D. APTE & CO.**  
Chartered Accountants  
Firm Registration Number : 100515W**ATUL KIRLOSKAR**  
Non-Executive Director  
DIN: 00007387**GAURI KIRLOSKAR**  
Managing Director  
DIN:03366274**ANAGHA M. NANIVADEKAR**  
Partner  
Membership Number : 121007  
Pune: 14 May 2025**RAHUL SAHAJ**  
Chief Executive Officer**SACHIN KEJRIWAL**  
Chief Financial Officer  
ACA :66309**FARAH IRANI**  
Company Secretary  
ACS: 21182  
Pune: 14 May 2025

# Consolidated Statement of Cash Flow

for the year ended 31st March 2025

₹ in Crores

| Particulars                                                                                        | 2024-25           | 2023-24         |
|----------------------------------------------------------------------------------------------------|-------------------|-----------------|
| <b>Cash flow from operating activities</b>                                                         |                   |                 |
| Profit before tax                                                                                  | 651.68            | 595.24          |
| <b>Adjustments:</b>                                                                                |                   |                 |
| <b>Add:</b>                                                                                        |                   |                 |
| Depreciation and amortisation expense                                                              | 139.79            | 118.80          |
| Finance costs (excluding financial service business)                                               | 23.04             | 13.33           |
| Share based compensation to employees                                                              | 9.19              | 3.98            |
| Impairment loss allowance, write off on trade receivable / other receivable (net)                  | 19.12             | 27.12           |
| Bad debts and irrecoverable balances written off                                                   | 0.17              | 9.53            |
| (Profit)/Loss on reinstatement on receivables/payables                                             | 0.43              | (0.98)          |
| Write down / (reversal) in write down of Inventories                                               | 27.26             | 12.14           |
|                                                                                                    | <b>219.00</b>     | <b>183.92</b>   |
| <b>Less :</b>                                                                                      |                   |                 |
| Gain on lease modifications                                                                        | 0.53              | 0.20            |
| Gain on sale of investments in investments measured at FVTPL (net)                                 | 38.06             | 13.07           |
| Gain on sale of aircraft (Refer Note 42)                                                           | 20.90             | -               |
| Gain/ (loss) on fair valuation of investments measured at fair value through profit or loss (net)  | 8.78              | 25.47           |
| Gain on derecognition of financial assets measured at amortised cost                               | -                 | 40.18           |
| Gain on disposal of property, plant and equipment (net)                                            | 6.13              | 1.00            |
| Provisions no longer required written back                                                         | 1.37              | 4.42            |
| Gain/ (Loss) on fair valuation of derivative instruments                                           | 1.72              | (2.36)          |
| Interest income                                                                                    | 28.06             | 30.69           |
| Unwinding of subsidy receivable under Package Scheme of Incentives (PSI),2001 and security deposit | 1.22              | 1.52            |
| Reversal of provision for impairment (Refer Note 42)                                               | 15.29             | (15.29)         |
| Sundry credit balances written back                                                                | 0.98              | 0.25            |
| Share of net profit of joint venture                                                               | 0.73              | 1.33            |
| Dividend income                                                                                    | 0.00              | 0.00            |
|                                                                                                    | <b>123.77</b>     | <b>100.48</b>   |
| <b>Operating profit before working capital changes</b>                                             | <b>746.91</b>     | <b>678.68</b>   |
| <b>Working Capital Adjustments</b>                                                                 |                   |                 |
| (Increase)/Decrease in loans & loans and receivable of financial service business                  | (1,348.76)        | (1,044.98)      |
| (Increase)/Decrease in government grant receivable                                                 | 7.14              | 0.93            |
| (Increase)/Decrease in trade and other receivables                                                 | (8.70)            | (141.58)        |
| (Increase)/Decrease in inventories                                                                 | 27.47             | (106.73)        |
| Increase/(Decrease) in trade and other payables                                                    | (26.66)           | 287.13          |
| Increase/(Decrease) in provisions                                                                  | 22.21             | 8.77            |
|                                                                                                    | <b>(1,327.30)</b> | <b>(996.46)</b> |
| <b>Net cash used in operations</b>                                                                 | <b>(580.39)</b>   | <b>(317.78)</b> |
| Income taxes paid (net of refunds)                                                                 | (158.55)          | (151.00)        |
| <b>Net cash flow generated from operating activities</b>                                           | <b>(738.94)</b>   | <b>(468.78)</b> |
| <b>Cash flow from investing activities</b>                                                         |                   |                 |
| Purchase of property, plant and equipment (PPE) and intangible assets                              | (308.25)          | (395.07)        |
| Payment towards acquisition of interest in a subsidiary                                            | -                 | (2.97)          |
| (Purchase)/ Sale of investments (net)                                                              | (48.87)           | 233.56          |
| Investment in fixed deposit                                                                        | (244.87)          | 6.96            |
| Proceeds from sale of PPE & other intangible assets including advance                              | 51.69             | 17.46           |
| Dividend received                                                                                  | 0.00              | 0.50            |
| Interest received                                                                                  | 27.50             | 30.69           |
| <b>Net cash (used in ) investing activities</b>                                                    | <b>(522.80)</b>   | <b>(108.87)</b> |

# Consolidated Statement of Cash Flow

for the year ended 31st March 2025

₹ in Crores

| Particulars                                                          | 2024-25         | 2023-24       |
|----------------------------------------------------------------------|-----------------|---------------|
| <b>Cash flow from financing activities</b>                           |                 |               |
| Proceeds from bill discounting & borrowings                          | 4,380.57        | 4,124.01      |
| (Repayment) of bill discounting & borrowings                         | (2,744.64)      | (3,230.36)    |
| Final and interim dividend paid                                      | (87.07)         | (72.44)       |
| Finance costs                                                        | (19.19)         | (11.37)       |
| Payment for lease liabilities including initial cost                 | (22.83)         | (11.97)       |
| Share issuance expense of a subsidiary                               | (0.07)          | -             |
| Proceeds from issuance of share capital including securities premium | 2.35            | 2.09          |
| Share application money pending allotment                            | 0.33            | 0.34          |
| <b>Net cash generated from financing activity</b>                    | <b>1,509.45</b> | <b>800.30</b> |
| <b>Net increase/(decrease) in cash and cash equivalents</b>          | <b>247.71</b>   | <b>222.65</b> |
| Opening cash and cash equivalents                                    | 492.90          | 270.30        |
| Cash acquired in business combination                                | -               | 0.02          |
| Effect of foreign exchange on Cash and Cash equivalents              | 0.45            | (0.07)        |
| <b>Closing cash and cash equivalents (Refer note 12a)</b>            | <b>741.06</b>   | <b>492.90</b> |

**Notes**

The above cash flow statement have been prepared under the indirect method as set out in the Indian Accounting Standard Ind AS 7, 'Statement of Cash Flow' as specified in the Companies (Indian Accounting Standards) Rules, 2015

Income Tax paid is treated as arising from operating activities and are not bifurcated between investing and financing activities.

All figures in brackets indicate cash outflow



As per our attached report of even date

For and on behalf of the **Board of Directors**

For **G. D. APTE & CO.**

Chartered Accountants

Firm Registration Number : 100515W

**ATUL KIRLOSKAR**

Non-Executive Director

DIN: 00007387

**GAURI KIRLOSKAR**

Managing Director

DIN:03366274

**ANAGHA M. NANIVADEKAR**

Partner

Membership Number : 121007

Pune: 14 May 2025

**RAHUL SAHAI**

Chief Executive Officer

**SACHIN KEJRIWAL**

Chief Financial Officer

ACA :66309

**FARAH IRANI**

Company Secretary

ACS: 21182

Pune: 14 May 2025



# Consolidated Statement of Changes in Equity

for the year ended 31 March 2025

## A. Equity share capital (Refer Note 19)

Equity shares of ₹ 2 each issued, subscribed and fully paid

| Particulars                                | No. of shares       | Amount       |
|--------------------------------------------|---------------------|--------------|
| <b>As at 1 April 2023</b>                  | <b>14,47,44,102</b> | <b>28.95</b> |
| Changes due to prior period errors         | -                   | -            |
| <b>Restated balance as at 1 April 2023</b> | <b>14,47,44,102</b> | <b>28.95</b> |
| Issue/Reduction, if any during the year    | 2,12,169            | 0.04         |
| <b>As at 31 March 2024</b>                 | <b>14,49,56,271</b> | <b>28.99</b> |
| Changes due to prior period errors         | -                   | -            |
| <b>Restated balance as at 1 April 2024</b> | <b>14,49,56,271</b> | <b>28.99</b> |
| Issue/Reduction, if any during the year    | 2,23,418            | 0.05         |
| <b>As at 31 March 2025</b>                 | <b>14,51,79,689</b> | <b>29.04</b> |

## B. Other equity and Non-controlling interest (Refer Note 20)

| Particulars                                                                            | Attributable to the owners of the Company |                            |                 |                   |                               |                   |                    |                                                       |                                      |                    |         | Non-controlling interests | Total |
|----------------------------------------------------------------------------------------|-------------------------------------------|----------------------------|-----------------|-------------------|-------------------------------|-------------------|--------------------|-------------------------------------------------------|--------------------------------------|--------------------|---------|---------------------------|-------|
|                                                                                        | Share application money pending allotment | Reserves and Surplus       |                 |                   |                               |                   | Items of OCI       |                                                       |                                      | Total other equity |         |                           |       |
|                                                                                        |                                           | Capital redemption reserve | General reserve | Statutory reserve | Employee stock option reserve | Retained earnings | Securities premium | Equity instruments through other comprehensive income | Foreign currency translation reserve |                    |         |                           |       |
| As at 1 April 2023                                                                     | 0.07                                      | 0.20                       | 608.51          | 23.37             | 13.49                         | 1,625.86          | 2.34               | 0.41                                                  | 0.39                                 | 2,274.64           | 0.02    | 2,274.66                  |       |
| Changes in accounting policy or prior period errors                                    | -                                         | -                          | -               | -                 | -                             | -                 | -                  | -                                                     | -                                    | -                  | -       | -                         |       |
| Restated balance as at 1 April 2023                                                    | 0.07                                      | 0.20                       | 608.51          | 23.37             | 13.49                         | 1,625.86          | 2.34               | 0.41                                                  | 0.39                                 | 2,274.64           | 0.02    | 2,274.66                  |       |
| Profit for the year                                                                    | -                                         | -                          | -               | -                 | -                             | 441.87            | -                  | -                                                     | -                                    | 441.87             | (2.17)  | 439.70                    |       |
| Other comprehensive income/(loss) for the year (net of tax)                            | -                                         | -                          | -               | -                 | -                             | (3.23)            | -                  | 0.08                                                  | (0.07)                               | (3.22)             | (0.01)  | (3.23)                    |       |
| Total comprehensive income/(loss) for the year                                         | -                                         | -                          | -               | -                 | -                             | 438.64            | -                  | 0.08                                                  | (0.07)                               | 438.65             | (2.18)  | 436.47                    |       |
| Acquisition of minority                                                                | -                                         | -                          | -               | -                 | -                             | -                 | -                  | -                                                     | -                                    | -                  | (13.78) | (13.78)                   |       |
| Shares issued during the year                                                          | (0.04)                                    | -                          | -               | -                 | -                             | -                 | -                  | -                                                     | -                                    | (0.04)             | -       | (0.04)                    |       |
| Transferred to Securities premium                                                      | (2.05)                                    | -                          | -               | -                 | (1.62)                        | -                 | 3.67               | -                                                     | -                                    | -                  | -       | -                         |       |
| Share based payment expense                                                            | -                                         | -                          | -               | -                 | 3.98                          | -                 | -                  | -                                                     | -                                    | 3.98               | -       | 3.98                      |       |
| Final dividend for year ended 31 March 2023                                            | -                                         | -                          | -               | -                 | -                             | (36.21)           | -                  | -                                                     | -                                    | (36.21)            | -       | (36.21)                   |       |
| Interim dividend for year ended 31 March 2024                                          | -                                         | -                          | -               | -                 | -                             | (36.23)           | -                  | -                                                     | -                                    | (36.23)            | -       | (36.23)                   |       |
| Amount received on exercise of employee stock option                                   | 2.44                                      | -                          | -               | -                 | -                             | -                 | -                  | -                                                     | -                                    | 2.44               | -       | 2.44                      |       |
| Options cancelled                                                                      | (0.01)                                    | -                          | -               | -                 | -                             | -                 | -                  | -                                                     | -                                    | (0.01)             | -       | (0.01)                    |       |
| Transfer on account of employee stock options not exercised                            | -                                         | -                          | 0.20            | -                 | (0.20)                        | -                 | -                  | -                                                     | -                                    | -                  | -       | -                         |       |
| Transfer to Special Reserve under Section 45-1C of The Reserve Bank of India Act, 1934 | -                                         | -                          | -               | 13.85             | -                             | (13.85)           | -                  | -                                                     | -                                    | -                  | -       | -                         |       |
| As at 31 March 2024                                                                    | 0.41                                      | 0.20                       | 608.71          | 37.22             | 15.65                         | 1,978.21          | 6.01               | 0.49                                                  | 0.32                                 | 2,647.22           | (15.94) | 2,631.28                  |       |

# Consolidated Statement of Changes in Equity

for the year ended 31 March 2025

## B. Other equity and Non- controlling interest (Refer Note 20) (Contd..)

| Particulars                                                                            | Attributable to the owners of the Company          |                                  |                    |                      |                                     |                      |                       |                                                                |                                               |          |                          | Non-<br>controlling<br>interests | Total |
|----------------------------------------------------------------------------------------|----------------------------------------------------|----------------------------------|--------------------|----------------------|-------------------------------------|----------------------|-----------------------|----------------------------------------------------------------|-----------------------------------------------|----------|--------------------------|----------------------------------|-------|
|                                                                                        | Share<br>application<br>money pending<br>allotment | Reserves and Surplus             |                    |                      |                                     |                      |                       | Items of OCI                                                   |                                               |          | Total<br>other<br>equity |                                  |       |
|                                                                                        |                                                    | Capital<br>redemption<br>reserve | General<br>reserve | Statutory<br>reserve | Employee<br>stock option<br>reserve | Retained<br>earnings | Securities<br>premium | Equity instruments<br>through other<br>comprehensive<br>income | Foreign<br>currency<br>translation<br>reserve |          |                          |                                  |       |
|                                                                                        |                                                    |                                  |                    |                      |                                     |                      |                       |                                                                |                                               |          |                          |                                  |       |
| As at 1 April 2024                                                                     | 0.41                                               | 0.20                             | 608.71             | 37.22                | 15.65                               | 1,978.21             | 6.01                  | 0.49                                                           | 0.32                                          | 2,647.22 | (15.94)                  | 2,631.28                         |       |
| Changes in accounting policy or prior period errors                                    | -                                                  | -                                | -                  | -                    | -                                   | -                    | -                     | -                                                              | -                                             | -        | -                        | -                                |       |
| Restated balance as at 1 April 2024                                                    | 0.41                                               | 0.20                             | 608.71             | 37.22                | 15.65                               | 1,978.21             | 6.01                  | 0.49                                                           | 0.32                                          | 2,647.22 | (15.94)                  | 2,631.28                         |       |
| Profit for the year                                                                    | -                                                  | -                                | -                  | -                    | -                                   | 489.15               | -                     | -                                                              | -                                             | 489.15   | (13.33)                  | 475.82                           |       |
| Other comprehensive income/(loss) for the year (net of tax)                            | -                                                  | -                                | -                  | -                    | -                                   | (3.94)               | -                     | (0.17)                                                         | 0.53                                          | (3.58)   | (0.51)                   | (4.09)                           |       |
| Total comprehensive income/(loss) for the year                                         | -                                                  | -                                | -                  | -                    | -                                   | 485.21               | -                     | (0.17)                                                         | 0.53                                          | 485.57   | (13.84)                  | 471.73                           |       |
| Shares issued during the year                                                          | (0.05)                                             | -                                | -                  | -                    | -                                   | -                    | 4.96                  | -                                                              | -                                             | 4.91     | -                        | 4.91                             |       |
| Transferred to Securities premium                                                      | (2.72)                                             | -                                | -                  | -                    | (2.24)                              | -                    | -                     | -                                                              | -                                             | (4.96)   | -                        | (4.96)                           |       |
| Share based payment expense                                                            | -                                                  | -                                | -                  | -                    | 9.18                                | -                    | -                     | -                                                              | -                                             | 9.18     | -                        | 9.18                             |       |
| Expenses on issue of equity shares                                                     | -                                                  | -                                | -                  | -                    | -                                   | (0.07)               | -                     | -                                                              | -                                             | (0.07)   | -                        | (0.07)                           |       |
| Final dividend for year ended 31 March 2024                                            | -                                                  | -                                | -                  | -                    | -                                   | (50.78)              | -                     | -                                                              | -                                             | (50.78)  | -                        | (50.78)                          |       |
| Interim dividend for year ended 31 March 2025                                          | -                                                  | -                                | -                  | -                    | -                                   | (36.29)              | -                     | -                                                              | -                                             | (36.29)  | -                        | (36.29)                          |       |
| Amount received on exercise of employee stock option                                   | 2.69                                               | -                                | -                  | -                    | -                                   | -                    | -                     | -                                                              | -                                             | 2.69     | -                        | 2.69                             |       |
| Transfer on account of employee stock options not exercised                            | -                                                  | -                                | 0.19               | -                    | (1.69)                              | 1.50                 | -                     | -                                                              | -                                             | -        | -                        | -                                |       |
| Transfer to Special Reserve under Section 45-1C of The Reserve Bank of India Act, 1934 | -                                                  | -                                | -                  | 16.07                | -                                   | (16.07)              | -                     | -                                                              | -                                             | -        | -                        | -                                |       |
| As at 31 March 2025                                                                    | 0.33                                               | 0.20                             | 608.90             | 53.29                | 20.90                               | 2,361.70             | 10.97                 | 0.32                                                           | 0.85                                          | 3,057.46 | (29.78)                  | 3,027.68                         |       |

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Material accounting policies

The accompanying notes are an integral part of the financial statements.

As per our attached report of even date

For **G. D. APTE & CO.**

Chartered Accountants

Firm Registration Number : 100515W

**ANAGHA M. NANIVADEKAR**

Partner

Membership Number : 121007

Pune: 14 May 2025

For and on behalf of the **Board of Directors****ATUL KIRLOSKAR**

Non-Executive Director

DIN: 00007387

**RAHUL SAHAJ**

Chief Executive Officer

**SACHIN KEJRIWAL**

Chief Financial Officer

ACA :66309

**GAURI KIRLOSKAR**

Managing Director

DIN:03366274

**FARAH IRANI**

Company Secretary

ACS: 21182

Pune: 14 May 2025

# Notes to the Consolidated Financial Statements

## Note 1a : Property, plant and equipment ("PPE") and Capital work-in-progress

| Particulars                      | Lease hold improvements | Buildings     | Plant & Equipment | Furniture & Fixture | Vehicles     | Aircraft     | Office Equipment | Computers & peripherals | Electrical Installation | Total           | Capital work-in-progress |
|----------------------------------|-------------------------|---------------|-------------------|---------------------|--------------|--------------|------------------|-------------------------|-------------------------|-----------------|--------------------------|
| <b>Gross Block</b>               |                         |               |                   |                     |              |              |                  |                         |                         |                 |                          |
| As at 1 April 2023               | 7.20                    | 201.55        | 1,194.08          | 29.78               | 11.61        | 25.88        | 6.40             | 74.75                   | 41.09                   | 1,592.34        | 17.90                    |
| Additions                        | 5.89                    | 2.61          | 83.37             | 2.16                | 3.11         | 1.57         | 2.11             | 8.48                    | 1.56                    | 110.86          | 332.30                   |
| Additions due to acquisitions    | -                       | -             | 0.76              | 0.05                | 0.98         | -            | -                | 0.06                    | -                       | 1.85            | -                        |
| Currency translation differences | -                       | -             | -                 | -                   | 0.01         | -            | -                | -                       | -                       | 0.01            | -                        |
| Deductions                       | (4.08)                  | -             | (9.58)            | (0.87)              | (0.28)       | -            | (0.33)           | (0.91)                  | (0.93)                  | (16.98)         | (98.14)                  |
| <b>As at 31 March 2024</b>       | <b>9.01</b>             | <b>204.16</b> | <b>1,268.63</b>   | <b>31.12</b>        | <b>15.43</b> | <b>27.45</b> | <b>8.18</b>      | <b>82.38</b>            | <b>41.72</b>            | <b>1,688.08</b> | <b>252.06</b>            |
| Additions                        | 2.53                    | 250.47        | 106.56            | 11.79               | 2.93         | -            | 7.81             | 24.70                   | 9.69                    | 416.48          | 231.32                   |
| Reclassification                 | (3.11)                  | 2.64          | -                 | 0.02                | -            | -            | 0.45             | -                       | -                       | -               | -                        |
| Currency translation differences | -                       | -             | 0.03              | -                   | 0.02         | -            | -                | -                       | -                       | 0.05            | -                        |
| Deductions                       | -                       | (2.76)        | (31.19)           | (0.78)              | (1.92)       | (27.45)      | (0.45)           | (21.37)                 | (0.65)                  | (86.57)         | (412.32)                 |
| <b>As at 31 March 2025</b>       | <b>8.43</b>             | <b>454.51</b> | <b>1,344.03</b>   | <b>42.15</b>        | <b>16.46</b> | <b>-</b>     | <b>15.99</b>     | <b>85.71</b>            | <b>50.76</b>            | <b>2,018.04</b> | <b>71.06</b>             |
| <b>Depreciation</b>              |                         |               |                   |                     |              |              |                  |                         |                         |                 |                          |
| Upto 1 April 2023                | 6.64                    | 81.46         | 956.03            | 24.36               | 7.91         | 24.63        | 5.39             | 64.72                   | 36.45                   | 1,207.59        | -                        |
| For the year                     | 0.84                    | 6.87          | 50.30             | 1.80                | 1.51         | 0.83         | 0.40             | 4.43                    | 1.14                    | 68.12           | -                        |
| Additions due to acquisitions    | -                       | -             | 0.51              | 0.04                | 0.59         | -            | -                | 0.05                    | -                       | 1.19            | -                        |
| Currency translation differences | -                       | -             | -                 | -                   | 0.01         | -            | -                | -                       | -                       | 0.01            | -                        |
| Deductions                       | (4.02)                  | -             | (8.50)            | (0.85)              | (0.08)       | -            | (0.30)           | (0.88)                  | (0.93)                  | (15.56)         | -                        |
| <b>As at 31 March 2024</b>       | <b>3.46</b>             | <b>88.33</b>  | <b>998.34</b>     | <b>25.35</b>        | <b>9.94</b>  | <b>25.46</b> | <b>5.49</b>      | <b>68.32</b>            | <b>36.66</b>            | <b>1,261.35</b> | <b>-</b>                 |
| For the year                     | 1.38                    | 10.61         | 58.80             | 2.68                | 1.90         | 0.93         | 1.49             | 7.34                    | 1.42                    | 86.55           | -                        |
| Reclassification                 | (3.07)                  | 2.60          | -                 | 0.02                | -            | -            | 0.45             | -                       | -                       | -               | -                        |
| Currency translation differences | -                       | -             | 0.02              | -                   | 0.03         | -            | -                | -                       | -                       | 0.05            | -                        |
| Deductions                       | -                       | (2.53)        | (29.26)           | (0.66)              | (1.87)       | (26.39)      | (0.46)           | (21.32)                 | (0.35)                  | (82.84)         | -                        |
| <b>As at 31 March 2025</b>       | <b>1.77</b>             | <b>99.01</b>  | <b>1,027.90</b>   | <b>27.39</b>        | <b>10.00</b> | <b>-</b>     | <b>6.97</b>      | <b>54.34</b>            | <b>37.73</b>            | <b>1,265.11</b> | <b>-</b>                 |
| <b>Net Block</b>                 |                         |               |                   |                     |              |              |                  |                         |                         |                 |                          |
| <b>As at 31 March 2024</b>       | <b>5.55</b>             | <b>115.83</b> | <b>270.29</b>     | <b>5.77</b>         | <b>5.49</b>  | <b>1.99</b>  | <b>2.69</b>      | <b>14.06</b>            | <b>5.06</b>             | <b>426.73</b>   | <b>252.06</b>            |
| <b>As at 31 March 2025</b>       | <b>6.66</b>             | <b>355.50</b> | <b>316.13</b>     | <b>14.76</b>        | <b>6.46</b>  | <b>-</b>     | <b>9.02</b>      | <b>31.37</b>            | <b>13.03</b>            | <b>752.93</b>   | <b>71.06</b>             |

### Notes :

- For depreciation, refer Note 44.5.3 for accounting policy.
- Capital work in progress (CWIP) comprises cost of assets that are not yet ready for their intended use at the Balance sheet date. Refer below Note 8 and Note 9 for CWIP ageing schedule and CWIP completion schedule.
- Title deeds in respect of immovable properties are in the name of the the group and are not held jointly.

# Notes to the Consolidated Financial Statements

## Note 1a : Property, plant and equipment ("PPE") and Capital work-in-progress (Contd..)

- There are no proceedings initiated or pending against the Group for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988.
- Borrowing cost of ₹ 4.85 Crores (31 March 2024: ₹ 4.92 Crores) capitalised as per Ind AS 23 "Borrowings Cost" on qualifying asset.
- Additions due to acquisition represents asset arising out of business combination. Also refer Note 44.6.17.
- Note 1a of Property, plant and equipment includes assets at Research & Development facility, the details of which are as under.

### Property, plant and equipment : Research and Development facility (Below figures are included in Note 1a : Property, plant and equipment ("PPE") and Capital work-in-progress)

|                            |             |                   |                     |                  |                         |                         | ₹ in Crores   |
|----------------------------|-------------|-------------------|---------------------|------------------|-------------------------|-------------------------|---------------|
| Particulars                | Buildings   | Plant & Equipment | Furniture & Fixture | Office Equipment | Computers & peripherals | Electrical Installation | Total         |
| <b>Gross Block</b>         |             |                   |                     |                  |                         |                         |               |
| As at 1 April 2023         | -           | 118.64            | 5.05                | 0.12             | 1.82                    | 3.63                    | 129.26        |
| Additions                  | -           | 2.95              | -                   | -                | 1.17                    | 0.10                    | 4.22          |
| Inter transfers - net      | -           | (0.04)            | -                   | -                | 0.02                    | -                       | (0.02)        |
| Deductions                 | -           | (0.50)            | (0.16)              | (0.07)           | -                       | -                       | (0.73)        |
| <b>As at 31 March 2024</b> | -           | <b>121.05</b>     | <b>4.89</b>         | <b>0.05</b>      | <b>3.01</b>             | <b>3.73</b>             | <b>132.73</b> |
| Additions                  | 0.42        | 14.73             | -                   | 0.04             | 2.39                    | 0.09                    | 17.67         |
| Inter transfers - net      | -           | (0.09)            | -                   | -                | (0.15)                  | (0.09)                  | (0.33)        |
| Deductions                 | -           | -                 | -                   | (0.01)           | (0.17)                  | -                       | (0.18)        |
| <b>As at 31 March 2025</b> | <b>0.42</b> | <b>135.69</b>     | <b>4.89</b>         | <b>0.08</b>      | <b>5.08</b>             | <b>3.73</b>             | <b>149.89</b> |
| <b>Depreciation</b>        |             |                   |                     |                  |                         |                         |               |
| Upto 1 April 2023          | -           | 73.77             | 4.22                | 0.10             | 1.63                    | 2.90                    | 82.62         |
| For the year               | -           | 7.59              | 0.28                | -                | 0.14                    | 0.17                    | 8.18          |
| Inter transfers - net      | -           | (0.04)            | -                   | -                | 0.02                    | -                       | (0.02)        |
| Deductions                 | -           | (0.18)            | (0.17)              | (0.05)           | -                       | -                       | (0.40)        |
| <b>As at 31 March 2024</b> | -           | <b>81.14</b>      | <b>4.33</b>         | <b>0.05</b>      | <b>1.79</b>             | <b>3.07</b>             | <b>90.38</b>  |
| For the year               | 0.00        | 7.58              | 0.28                | -                | 0.57                    | 0.17                    | 8.60          |
| Inter transfers - net      | -           | (0.09)            | -                   | -                | (0.15)                  | (0.01)                  | (0.25)        |
| Deductions                 | -           | -                 | -                   | (0.01)           | (0.17)                  | -                       | (0.18)        |
| <b>As at 31 March 2025</b> | <b>0.00</b> | <b>88.63</b>      | <b>4.61</b>         | <b>0.04</b>      | <b>2.04</b>             | <b>3.23</b>             | <b>98.55</b>  |
| <b>Net Block</b>           |             |                   |                     |                  |                         |                         |               |
| <b>As at 31 March 2024</b> | -           | <b>39.92</b>      | <b>0.56</b>         | -                | <b>1.22</b>             | <b>0.66</b>             | <b>42.35</b>  |
| <b>As at 31 March 2025</b> | <b>0.42</b> | <b>47.06</b>      | <b>0.28</b>         | <b>0.04</b>      | <b>3.04</b>             | <b>0.50</b>             | <b>51.34</b>  |

- Capital work-in-progress ageing schedule for the year ended 31 March 2025 and 31 March 2024 is as follows:

#### As at 31 March 2025

| Particulars                    | Amount in CWIP for a period of |           |           |                   | Total |
|--------------------------------|--------------------------------|-----------|-----------|-------------------|-------|
|                                | Less than 1 year               | 1-2 years | 2-3 years | More than 3 years |       |
| Projects in progress           | 68.70                          | 2.10      | 0.23      | 0.03              | 71.06 |
| Projects temporarily suspended | -                              | -         | -         | -                 | -     |

#### As at 31 March 2024

| Particulars                    | Amount in CWIP for a period of |           |           |                   | Total  |
|--------------------------------|--------------------------------|-----------|-----------|-------------------|--------|
|                                | Less than 1 year               | 1-2 years | 2-3 years | More than 3 years |        |
| Projects in progress           | 249.57                         | 2.23      | 0.26      | -                 | 252.06 |
| Projects temporarily suspended | -                              | -         | -         | -                 | -      |



## Notes to the Consolidated Financial Statements

### Note 1a : Property, plant and equipment ("PPE") and Capital work-in-progress (Contd..)

#### 9. Capital work-in progress : Expected completion schedule for projects having time overrun :

As at 31 March 2025

₹ in Crores

| Particulars                                       | To be completed in |           |           |                   | Total |
|---------------------------------------------------|--------------------|-----------|-----------|-------------------|-------|
|                                                   | Less than 1 year   | 1-2 years | 2-3 years | More than 3 years |       |
| <b>Projects in progress</b>                       |                    |           |           |                   |       |
| New engine development 3                          | -                  | -         | -         | -                 | -     |
| Project : Plant Consolidation - Land & Building   | -                  | -         | -         | -                 | -     |
| Project : Plant Consolidation - Electric fittings | -                  | -         | -         | -                 | -     |
| Project : Plant Consolidation - Plant Machinery   | -                  | -         | -         | -                 | -     |

As at 31 March 2024

₹ in Crores

| Particulars                                       | To be completed in |           |           |                   | Total        |
|---------------------------------------------------|--------------------|-----------|-----------|-------------------|--------------|
|                                                   | Less than 1 year   | 1-2 years | 2-3 years | More than 3 years |              |
| <b>Projects in progress</b>                       |                    |           |           |                   |              |
| New engine development 3                          | 0.43               | -         | -         | -                 | <b>0.43</b>  |
| Project : Plant Consolidation - Land & Building   | 48.18              | -         | -         | -                 | <b>48.18</b> |
| Project : Plant Consolidation - Electric fittings | 3.25               | -         | -         | -                 | <b>3.25</b>  |
| Project : Plant Consolidation - Plant Machinery   | 0.90               | -         | -         | -                 | <b>0.90</b>  |



### Note 1b : Right-of-use ("ROU") assets

₹ in Crores

| Particulars                        | Category of Right-of-use assets |              |                      | Total        |
|------------------------------------|---------------------------------|--------------|----------------------|--------------|
|                                    | Land                            | Building     | Furniture & Fixtures |              |
| Balance as at 1 April 2023         | 42.49                           | 14.69        | -                    | 57.18        |
| Addition                           | 1.57                            | 14.22        | -                    | 15.79        |
| Deletion                           | -                               | (0.76)       | -                    | (0.76)       |
| Amortisation                       | (0.47)                          | (13.53)      | -                    | (14.00)      |
| <b>Balance as at 31 March 2024</b> | <b>43.59</b>                    | <b>14.62</b> | <b>-</b>             | <b>58.21</b> |
| Addition                           | -                               | 62.26        | 0.89                 | 63.15        |
| Deletion                           | -                               | (1.35)       | -                    | (1.35)       |
| Amortisation                       | (0.47)                          | (19.83)      | (0.31)               | (20.61)      |
| <b>Balance as at 31 March 2025</b> | <b>43.12</b>                    | <b>55.70</b> | <b>0.58</b>          | <b>99.40</b> |

- The aggregate amortisation expense on Right-of-use (ROU) assets is included under depreciation and amortisation expense in the Statement of Profit and Loss (Refer Note 40).
- Refer Note 44.6.15 for additional disclosures.

### Note 2 : Other intangible assets, Goodwill and Intangible assets under development

₹ in Crores

| Particulars                | Computer Software | Drawings & Designs | Brand       | Customer Relationship | Technical Knowhow -Acquired | Technical Knowhow -Internally generated | Total         | Goodwill      | Intangible assets under development |
|----------------------------|-------------------|--------------------|-------------|-----------------------|-----------------------------|-----------------------------------------|---------------|---------------|-------------------------------------|
| <b>Gross Block</b>         |                   |                    |             |                       |                             |                                         |               |               |                                     |
| As at 1 April 2023         | 63.72             | 12.46              | 7.44        | 45.74                 | 49.21                       | 99.94                                   | 278.51        | 185.76        | 50.61                               |
| Additions                  | 24.17             | 0.45               | -           | -                     | 5.42                        | 38.19                                   | 68.23         | 5.67          | 57.10                               |
| Deductions                 | -                 | -                  | -           | -                     | -                           | -                                       | -             | -             | (67.10)                             |
| <b>As at 31 March 2024</b> | <b>87.89</b>      | <b>12.91</b>       | <b>7.44</b> | <b>45.74</b>          | <b>54.63</b>                | <b>138.13</b>                           | <b>346.74</b> | <b>191.43</b> | <b>40.61</b>                        |

# Notes to the Consolidated Financial Statements

## Note 2 : Other intangible assets, Goodwill and Intangible assets under development (Contd..)

₹ in Crores

| Particulars                | Computer Software | Drawings & Designs | Brand       | Customer Relationship | Technical Knowhow -Acquired | Technical Knowhow -Internally generated | Total         | Goodwill      | Intangible assets under development |
|----------------------------|-------------------|--------------------|-------------|-----------------------|-----------------------------|-----------------------------------------|---------------|---------------|-------------------------------------|
| Additions                  | 8.51              | -                  | -           | -                     | 30.53                       | 40.07                                   | 79.11         | -             | 65.69                               |
| Deductions                 | (0.29)            | -                  | -           | -                     | -                           | -                                       | (0.29)        | -             | ( 79.12)                            |
| <b>As at 31 March 2025</b> | <b>96.11</b>      | <b>12.91</b>       | <b>7.44</b> | <b>45.74</b>          | <b>85.16</b>                | <b>178.20</b>                           | <b>425.56</b> | <b>191.43</b> | <b>27.18</b>                        |
| <b>Amortisation</b>        |                   |                    |             |                       |                             |                                         |               |               |                                     |
| Upto 1 April 2023          | 50.85             | 11.79              | 2.74        | 45.74                 | 28.09                       | 78.43                                   | 217.64        | -             | -                                   |
| For the year               | 8.08              | 0.21               | 0.51        | -                     | 7.77                        | 20.11                                   | 36.68         | -             | -                                   |
| Deductions                 | -                 | -                  | -           | -                     | -                           | -                                       | -             | -             | -                                   |
| <b>As at 31 March 2024</b> | <b>58.93</b>      | <b>12.00</b>       | <b>3.25</b> | <b>45.74</b>          | <b>35.86</b>                | <b>98.54</b>                            | <b>254.32</b> | <b>-</b>      | <b>-</b>                            |
| For the year               | 9.68              | 0.16               | 0.51        | -                     | 7.47                        | 14.81                                   | 32.63         | -             | -                                   |
| Deductions                 | (0.27)            | -                  | -           | -                     | -                           | -                                       | (0.27)        | -             | -                                   |
| <b>As at 31 March 2025</b> | <b>68.34</b>      | <b>12.16</b>       | <b>3.76</b> | <b>45.74</b>          | <b>43.33</b>                | <b>113.35</b>                           | <b>286.68</b> | <b>-</b>      | <b>-</b>                            |
| <b>Net Block</b>           |                   |                    |             |                       |                             |                                         |               |               |                                     |
| <b>As at 31 March 2024</b> | <b>28.96</b>      | <b>0.91</b>        | <b>4.19</b> | <b>-</b>              | <b>18.77</b>                | <b>39.59</b>                            | <b>92.42</b>  | <b>191.43</b> | <b>40.61</b>                        |
| <b>As at 31 March 2025</b> | <b>27.77</b>      | <b>0.75</b>        | <b>3.68</b> | <b>-</b>              | <b>41.83</b>                | <b>64.85</b>                            | <b>138.88</b> | <b>191.43</b> | <b>27.18</b>                        |

### Notes :

- For amortisation, refer Note 44.5.4 for accounting policy.
- Intangible assets under development comprise intangible assets not ready for the intended use on the date of the Balance Sheet. Refer below Note 5 and Note 6 for ageing and completion schedule.
- Goodwill arising is on account of consolidation refer Note 44.6.23.
- Note 2 of other intangible assets includes assets at Research and Development facility, the details of which are as under:

### Other intangible assets : Research and Development facility (Below figures are included in Note 2 : Other intangible assets, Goodwill and Intangible assets under development)

₹ in Crores

| Particulars                | Computer Software | Drawings & Designs | Technical Knowhow -Acquired | Technical Knowhow -Internally generated | Total         |
|----------------------------|-------------------|--------------------|-----------------------------|-----------------------------------------|---------------|
| <b>Gross Block</b>         |                   |                    |                             |                                         |               |
| As at 1 April 2023         | 18.38             | 11.39              | 26.74                       | 99.84                                   | 156.35        |
| Additions                  | 23.06             | -                  | 5.42                        | 37.93                                   | 66.41         |
| Deductions                 | -                 | -                  | -                           | -                                       | -             |
| <b>As at 31 March 2024</b> | <b>41.44</b>      | <b>11.39</b>       | <b>32.16</b>                | <b>137.77</b>                           | <b>222.76</b> |
| Additions                  | 6.79              | -                  | 25.70                       | 40.07                                   | 72.56         |
| Deductions                 | -                 | -                  | -                           | -                                       | -             |
| <b>As at 31 March 2025</b> | <b>48.23</b>      | <b>11.39</b>       | <b>57.86</b>                | <b>177.84</b>                           | <b>295.32</b> |
| <b>Amortisation</b>        |                   |                    |                             |                                         |               |
| Upto 1 April 2023          | 15.73             | 10.74              | 9.06                        | 78.63                                   | 114.16        |
| For the year               | 3.96              | 0.16               | 5.09                        | 20.04                                   | 29.25         |
| Deductions                 | -                 | -                  | -                           | -                                       | -             |
| <b>As at 31 March 2024</b> | <b>19.69</b>      | <b>10.90</b>       | <b>14.15</b>                | <b>98.67</b>                            | <b>143.41</b> |
| For the year               | 5.81              | 0.07               | 6.26                        | 14.75                                   | 26.89         |
| Deductions                 | -                 | -                  | -                           | -                                       | -             |
| <b>As at 31 March 2025</b> | <b>25.50</b>      | <b>10.97</b>       | <b>20.41</b>                | <b>113.42</b>                           | <b>170.30</b> |
| <b>Net Block</b>           |                   |                    |                             |                                         |               |
| <b>As at 31 March 2024</b> | <b>21.75</b>      | <b>0.49</b>        | <b>18.01</b>                | <b>39.10</b>                            | <b>79.35</b>  |
| <b>As at 31 March 2025</b> | <b>22.73</b>      | <b>0.42</b>        | <b>37.45</b>                | <b>64.42</b>                            | <b>125.02</b> |

## Notes to the Consolidated Financial Statements

### Note 2 : Other intangible assets, Goodwill and Intangible assets under development (Contd..)

5. Intangible assets under development ageing schedule for the year ended 31 March 2025 and 31 March 2024 is as follows:

#### As at 31 March 2025

₹ in Crores

| Particulars                    | Amount in Intangible asset under development for a period of |           |           |                   | Total |
|--------------------------------|--------------------------------------------------------------|-----------|-----------|-------------------|-------|
|                                | Less than 1 year                                             | 1-2 years | 2-3 years | More than 3 years |       |
| Projects in progress           | 18.49                                                        | 4.06      | 4.63      | -                 | 27.18 |
| Projects temporarily suspended | -                                                            | -         | -         | -                 | -     |

#### As at 31 March 2024

₹ in Crores

| Particulars                    | Amount in Intangible asset under development for a period of |           |           |                   | Total |
|--------------------------------|--------------------------------------------------------------|-----------|-----------|-------------------|-------|
|                                | Less than 1 year                                             | 1-2 years | 2-3 years | More than 3 years |       |
| Projects in progress           | 32.85                                                        | 4.94      | 2.65      | 0.17              | 40.61 |
| Projects temporarily suspended | -                                                            | -         | -         | -                 | -     |

6. Intangible assets under development : Expected completion schedule for projects having time overrun :

#### As at 31 March 2025

₹ in Crores

| Particulars                    | To be completed in |           |                   | Total |
|--------------------------------|--------------------|-----------|-------------------|-------|
|                                | Less than 1 year   | 1-2 years | More than 3 years |       |
| <b>Projects in progress</b>    |                    |           |                   |       |
| New engine development 3       | 12.65              | -         | -                 | 12.65 |
| Project : Software development | 0.78               | -         | -                 | 0.78  |

#### As at 31 March 2024

₹ in Crores

| Particulars                    | Amount in CWIP for a period of |           |           |                   | Total |
|--------------------------------|--------------------------------|-----------|-----------|-------------------|-------|
|                                | Less than 1 year               | 1-2 years | 2-3 years | More than 3 years |       |
| <b>Projects in progress</b>    |                                |           |           |                   |       |
| New engine development 3       | 4.30                           | -         | -         | -                 | 4.30  |
| Project : Software development | 0.32                           | -         | -         | -                 | 0.32  |

### Note 3 : Investments (Non-Current)

| Particulars                                | Par Value / Face Value Per Unit | As at 31 March 2025 |              | As at 31 March 2024 |             |
|--------------------------------------------|---------------------------------|---------------------|--------------|---------------------|-------------|
|                                            |                                 | Numbers             | ₹ in Crores  | Numbers             | ₹ in Crores |
| <b>(i) At amortised cost</b>               |                                 |                     |              |                     |             |
| <b>Quoted investment</b>                   |                                 |                     |              |                     |             |
| <b>Investments in debentures or bonds</b>  |                                 |                     |              |                     |             |
| <b>Non- Convertible Debentures ("NCD")</b> |                                 |                     |              |                     |             |
| GMR Airports Limited                       | 1,00,000                        | 4,500               | 49.40        | -                   | -           |
| Less: Provision for expected credit loss   |                                 |                     | (0.04)       |                     | -           |
|                                            |                                 |                     | <b>49.36</b> |                     | <b>-</b>    |

# Notes to the Consolidated Financial Statements

## Note 3 : Investments (Non-Current) (Contd..)

| Particulars                                                                     | Par Value / Face Value Per Unit | As at 31 March 2025 |              | As at 31 March 2024 |              |
|---------------------------------------------------------------------------------|---------------------------------|---------------------|--------------|---------------------|--------------|
|                                                                                 |                                 | Numbers             | ₹ in Crores  | Numbers             | ₹ in Crores  |
| <b>Unquoted investment</b>                                                      |                                 |                     |              |                     |              |
| <b>Investments in Pass Through Certificates (PTC) units</b>                     |                                 |                     |              |                     |              |
| Avenger 2022 March Series                                                       |                                 | -                   | -            | -                   | 8.17         |
| Shala 12 2022                                                                   |                                 | -                   | -            | -                   | 2.14         |
| Less: Provision for expected credit loss                                        |                                 |                     | -            |                     | (0.06)       |
|                                                                                 |                                 |                     | -            |                     | <b>10.25</b> |
| <b>(ii) At fair value through other comprehensive income (FVOCI)</b>            |                                 |                     |              |                     |              |
| <b>Investment in unquoted equity instruments - fully paid up</b>                |                                 |                     |              |                     |              |
| Kirloskar Proprietary Limited                                                   | 100                             | 16                  | 0.01         | 16                  | 0.07         |
| S.L.Kirloskar CSR Foundation                                                    | 10                              | 9,800               | 0.00         | 9,800               | 0.01         |
| Kirloskar Management Services Private Limited                                   | 10                              | 4,87,500            | 0.93         | 4,87,500            | 1.12         |
|                                                                                 |                                 |                     | <b>0.94</b>  |                     | <b>1.20</b>  |
| <b>(iii) At fair value through profit &amp; loss (FVTPL)</b>                    |                                 |                     |              |                     |              |
| <b>Investments in units of the fund (unquoted)</b>                              |                                 |                     |              |                     |              |
| Arka Credit Fund I (Unquoted)                                                   | 10,000                          | 39,821              | 39.90        | 34,641              | 34.64        |
| Less: Provision for expected credit loss                                        |                                 |                     | -            |                     | (15.29)      |
|                                                                                 |                                 |                     | <b>39.90</b> |                     | <b>19.36</b> |
| <b>In unquoted preference shares (fully paid up)</b>                            |                                 |                     |              |                     |              |
| 1% Non-cumulative redeemable preference shares in Kirloskar Proprietary Limited | 100                             | 1                   | 0.00         | -                   | -            |
|                                                                                 |                                 |                     | <b>39.90</b> |                     | <b>19.36</b> |
| <b>(iv) Investment in unquoted equity instruments - fully paid up</b>           |                                 |                     |              |                     |              |
| <b>Joint venture accounted for using equity method</b>                          |                                 |                     |              |                     |              |
| ESVA Pumps India Private Limited (extent of Holding 49% in joint venture)       | 10                              | -                   | -            | 44,10,000           | 5.25         |
| <b>Total</b>                                                                    |                                 |                     | <b>90.20</b> |                     | <b>36.06</b> |

### Notes :

- |                                                           |              |              |
|-----------------------------------------------------------|--------------|--------------|
|                                                           | ₹ in Crores  | ₹ in Crores  |
| 1a. Aggregate amount of quoted investments                | <b>49.36</b> | -            |
| 1b. Aggregate market value of quoted investments          | <b>49.36</b> | -            |
| 1c. Aggregate amount of unquoted investments              | <b>40.84</b> | <b>36.06</b> |
| 1d. Aggregate value of impairment in value of Investments | <b>Nil</b>   | <b>Nil</b>   |
- During the year, the Parent Company has invested ₹ 100 in one 1% Non-cumulative redeemable preference shares (NCRPS) at ₹ 100 per share in Kirloskar Proprietary Limited.
  - Refer Note 44.6.11 and 44.6.12 for fair value disclosure of financial assets and financial liabilities and for fair value hierarchy.
  - Refer Note 44.6.13 on risk management objectives and policies for financial instruments.
  - Face value per unit is in Indian Rupees (INR) unless otherwise stated.
  - Refer 44.6.17.1 for details of termination of joint venture arrangement with ESVA Pumps India Private Limited.



## Notes to the Consolidated Financial Statements

### Note 4 : Loans and Receivables of financial services business (Non-current)

₹ in Crores

| Particulars                                       | As at<br>31 March 2025 | As at<br>31 March 2024 |
|---------------------------------------------------|------------------------|------------------------|
| <b>Receivables of financial services business</b> |                        |                        |
| <b>Secured, considered good</b>                   | 3,999.84               | 3,092.27               |
| Less : Provision for expected credit loss         | (32.13)                | (7.86)                 |
| <b>Unsecured, considered good</b>                 | 595.87                 | 250.96                 |
| Less: Provision for expected credit loss          | (15.15)                | (9.96)                 |
| <b>Total</b>                                      | <b>4,548.43</b>        | <b>3,325.41</b>        |

1. Receivables of financial services business are measured at amortised cost.
2. Refer Note 44.5.7 for policy on provision for expected credit loss.
3. Refer Note 44.6.11 for fair value disclosure of financial assets and financial liabilities.
4. Refer Note 44.6.13 on risk management objectives and policies for financial instruments.

### Note 5 : Loans (Non-current)

₹ in Crores

| Particulars                                     | As at<br>31 March 2025 | As at<br>31 March 2024 |
|-------------------------------------------------|------------------------|------------------------|
| <b>Other loans and advances</b>                 |                        |                        |
| Loans to employees (unsecured, considered good) | 0.01                   | 0.03                   |
| <b>Total</b>                                    | <b>0.01</b>            | <b>0.03</b>            |

1. Loans are measured at amortised cost.
2. No outstanding loans or advances which are in the nature of loans have been granted by the Company to promoters, directors, key managerial personnels and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person.
3. Refer Note 44.6.11 for fair value disclosure of financial assets and financial liabilities.
4. Refer Note 44.6.13 on risk management objectives and policies for financial instruments.

### Note 6 : Other financial assets (Non-current)

₹ in Crores

| Particulars                                                                    | As at<br>31 March 2025 | As at<br>31 March 2024 |
|--------------------------------------------------------------------------------|------------------------|------------------------|
| <b>Security deposits</b>                                                       |                        |                        |
| Unsecured, considered good                                                     | 26.30                  | 30.41                  |
| Doubtful                                                                       | 0.91                   | 2.35                   |
| Less : Loss allowance for doubtful deposits                                    | (0.91)                 | (2.35)                 |
| Bank deposits with maturity of more than 12 months                             | 0.27                   | 0.26                   |
| Subsidy receivable under PSI scheme, 2001                                      | 2.79                   | 2.59                   |
| Income receivable on direct assignment relating to financial services business | 67.71                  | 38.34                  |
| Servicing fees receivable on direct assignment                                 | 8.47                   | -                      |
| Deposit towards securitisation (PTC)                                           | 7.91                   | -                      |
| Others                                                                         | 4.53                   | 0.15                   |
| <b>Total</b>                                                                   | <b>117.98</b>          | <b>71.75</b>           |

1. The Parent Company's manufacturing facility at Kagal plant had been granted Mega Project status by Government of Maharashtra and hence was eligible for Industries Promotion Subsidy (IPS) under Package Scheme of Incentive (PSI) 2001. This scheme was for intensifying and accelerating the process of dispersal of industries to the less developed regions and promoting high-tech industries in the less developed areas of the state coupled with the object of generating employment opportunities. During the last quarter of FY 2018-19, the Government of Maharashtra had agreed for extension of the said scheme of incentive for further period of 2 years till 31

# Notes to the Consolidated Financial Statements

## Note 6 : Other financial assets (Non-current) (Contd..)

March 2019 and subsequently amended the original eligibility certificate. Accordingly the extension of the scheme consists of total period of 11 years from the date of commencement of commercial production i.e. from 1 April 2008 to 31 March 2019 along with the extension of original operative period by 2 years and compliances thereof. The eligible subsidy receivables computed on the basis of VAT, CST as well as SGST paid on sales made from Kagal plant for such extended period are fair valued as on 31 March 2025.

- Other financial assets are measured at amortised cost.
- Refer Note 44.6.13 on risk management objectives and policies for financial instruments.
- Refer Note 44.6.11 for fair value disclosure of financial assets and financial liabilities.
- Bank deposits are held as security against the guarantees and other commitments. Fixed deposits towards securitisation (PTC) are lien marked against borrowings from securitisation transaction.

## Note 7 : Income tax asset (net)

| Particulars                            | ₹ in Crores            |                        |
|----------------------------------------|------------------------|------------------------|
|                                        | As at<br>31 March 2025 | As at<br>31 March 2024 |
| Tax paid in advance (net of provision) | 24.87                  | 40.13                  |
| <b>Total</b>                           | <b>24.87</b>           | <b>40.13</b>           |

## Note 8 : Other non-current assets

| Particulars                       | ₹ in Crores            |                        |
|-----------------------------------|------------------------|------------------------|
|                                   | As at<br>31 March 2025 | As at<br>31 March 2024 |
| <b>Unsecured, considered good</b> |                        |                        |
| Capital advances                  | 19.76                  | 12.12                  |
| Prepaid expenses                  | 2.94                   | 1.36                   |
| Other advances to suppliers       | 0.35                   | 0.35                   |
| <b>Total</b>                      | <b>23.05</b>           | <b>13.83</b>           |

## Note 9 : Inventories

| Particulars                  | ₹ in Crores            |                        |
|------------------------------|------------------------|------------------------|
|                              | As at<br>31 March 2025 | As at<br>31 March 2024 |
| <b>Raw materials</b>         |                        |                        |
| Raw materials and components | 384.05                 | 398.15                 |
| Raw materials-in-transit     | 3.07                   | 8.75                   |
| Work-in-progress             | 52.70                  | 71.83                  |
| Finished goods               | 87.78                  | 113.58                 |
| Traded goods                 | 47.98                  | 39.10                  |
| Stores and spares            | 15.72                  | 12.22                  |
| <b>Total</b>                 | <b>591.30</b>          | <b>643.63</b>          |

- Write down of inventories to net realisable value amounting to ₹ 24.30 Crores (31 March 2024 : ₹ 12.14 Crores) were recognised as an expense during the year.
- Refer Note 27 for information on inventory hypothecation with bankers for the purpose of Working capital facilities.

# Notes to the Consolidated Financial Statements

## Note 10 : Investments (Current)

| Particulars                                                                   | Face Value<br>Per Unit | As at 31 March 2025 |               | As at 31 March 2024 |               |
|-------------------------------------------------------------------------------|------------------------|---------------------|---------------|---------------------|---------------|
|                                                                               |                        | Numbers             | ₹ in Crores   | Numbers             | ₹ in Crores   |
| <b>(i) At amortised cost</b>                                                  |                        |                     |               |                     |               |
| <b>Investments in debentures or bonds (quoted)</b>                            |                        |                     |               |                     |               |
| <b>Non- Convertible Debentures ("NCD")</b>                                    |                        |                     |               |                     |               |
| Adani Enterprises Limited                                                     | 10,00,000              | -                   | -             | 300                 | 34.98         |
| Navi Finserv Limited                                                          | 1,000                  | -                   | -             | 2,00,000            | 10.02         |
| Vivriti Capital Private Ltd                                                   | 1,000                  | -                   | -             | 1,00,000            | 20.03         |
| Less: Provision for expected credit loss                                      |                        |                     | -             |                     | (0.19)        |
|                                                                               |                        |                     | -             |                     | <b>64.84</b>  |
| <b>Investments in Pass Through Certificates (PTCs) (unquoted)</b>             |                        |                     |               |                     |               |
| Avenger 2022 March Series                                                     |                        | 1,000               | 2.01          | -                   | -             |
| Less: Provision for expected credit loss                                      |                        |                     | (0.02)        |                     | -             |
|                                                                               |                        |                     | <b>1.99</b>   |                     | <b>-</b>      |
| <b>(ii) At fair value through profit or loss (FVTPL)</b>                      |                        |                     |               |                     |               |
| <b>Investments In Mutual Funds (Unquoted)</b>                                 |                        |                     |               |                     |               |
| <b>Liquid Scheme - Fixed Maturity Plan</b>                                    |                        |                     |               |                     |               |
| Kotak Fixed Maturity Plan Series 329 - Regular Plan - Growth                  | 10                     | -                   | -             | 49,99,750           | 5.01          |
|                                                                               |                        |                     | -             |                     | <b>5.01</b>   |
| <b>Liquid and Money Market Schemes - Growth Plan (unquoted)</b>               |                        |                     |               |                     |               |
| Axis Liquid Fund - Regular Growth                                             | 1,000                  | 87,603              | 25.04         | 98,646              | 26.28         |
| Axis Money Market Fund - Regular Growth                                       | 1,000                  | 44,363              | 6.22          | 1,17,085            | 15.25         |
| Aditya Birla Sun Life Liquid Fund - Growth - Regular Plan                     | 100                    | 5,57,125            | 23.06         | -                   | -             |
| Aditya Birla Sun Life Money Manger Fund - Growth - Regular Plan               | 100                    | 5,35,056            | 19.43         | 5,35,056            | 18.03         |
| DSP Liquidity Fund - Regular Plan - Growth                                    | 1,000                  | 82,092              | 30.11         | -                   | -             |
| HDFC Liquid fund - Regular Plan - Growth                                      | 1,000                  | 51,678              | 26.05         | 1,19,383            | 56.08         |
| HDFC Money Market fund - Regular Plan - Growth                                | 1,000                  | 10,032              | 5.63          | -                   | -             |
| ICICI Prudential Liquid fund - Growth                                         | 100                    | 3,46,671            | 13.17         | 1,76,820            | 6.27          |
| ICICI Prudential - Money Market Fund - Growth                                 | 100                    | -                   | -             | 4,40,316            | 15.21         |
| Invesco India Liquid Fund - Regular Growth                                    | 1,000                  | 71,743              | 25.33         | 60,968              | 20.06         |
| Kotak Liquid Fund Regular Plan - Growth                                       | 1,000                  | 52,231              | 27.12         | 72,494              | 35.09         |
| Kotak Money Market fund - Growth (Regular Plan) (Erstwhile Kotak Floater ST ) | 1,000                  | -                   | -             | 37,260              | 15.24         |
| Nippon India Liquid Fund - Growth Plan - Growth Option                        | 1,000                  | 6,616               | 4.15          | 49,258              | 28.78         |
| Nippon India Money Market Fund - Growth Plan Growth Option                    | 1,000                  | 44,230              | 18.01         | 44,230              | 16.72         |
| SBI Liquid Fund Regular Growth                                                | 1,000                  | 55,024              | 22.10         | 1,60,559            | 60.14         |
| Tata Liquid Fund Regular Plan - Growth                                        | 1,000                  | 49,841              | 20.16         | 59,675              | 22.50         |
| Tata Money Market Fund Regular Plan - Growth                                  | 1,000                  | 12,523              | 5.80          | -                   | -             |
| UTI Money Market Fund - Regular Plan Growth                                   | 1,000                  | 20,526              | 6.21          | 54,323              | 15.25         |
| UTI Liquid Fund - Regular Plan - Growth                                       | 1,000                  | 2,708               | 1.14          | 82,587              | 32.43         |
|                                                                               |                        |                     | <b>278.73</b> |                     | <b>383.33</b> |
| <b>Overnight Schemes - Growth Plan (Unquoted)</b>                             |                        |                     |               |                     |               |
| Aditya Birla Mutual Fund - Overnight - Direct Plan                            | 1,000                  | 7,50,965            | 103.72        | -                   | -             |
| Mirae Assets Fund Overnight Direct Plan                                       | 1,000                  | 1,14,841            | 15.04         | -                   | -             |
| UTI Overnight Fund - Direct Plan                                              | 1,000                  | 2,89,041            | 101.02        | -                   | -             |
| Baroda BNP Paribas Overnight Fund Direct Plan Growth                          | 1,000                  | 74,753              | 10.02         | -                   | -             |
|                                                                               |                        |                     | <b>229.80</b> |                     | <b>-</b>      |
| <b>Total</b>                                                                  |                        |                     | <b>510.52</b> |                     | <b>453.18</b> |

# Notes to the Consolidated Financial Statements

## Note 10 : Investments (Current)

### Notes:

|                                                                                                                                                                           | ₹ in Crores | ₹ in Crores |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|
| 1a. Aggregate amount of quoted investments                                                                                                                                | -           | 64.84       |
| 1b. Aggregate market value quoted investments                                                                                                                             | -           | 64.90       |
| 1c. Aggregate amount of unquoted investments                                                                                                                              | 510.52      | 388.34      |
| 2. Face value per unit is in Indian Rupees (INR) unless otherwise stated.                                                                                                 |             |             |
| 3. Fair value disclosures for financial assets and liabilities are stated in Note 44.6.11 and fair value hierarchy disclosures for investment are stated in Note 44.6.12. |             |             |
| 4. Refer Note 44.6.13 on risk management objectives and policies for financial instruments.                                                                               |             |             |

## Note 11 : Trade receivables

|                                                                           | ₹ in Crores            | ₹ in Crores            |
|---------------------------------------------------------------------------|------------------------|------------------------|
| Particulars                                                               | As at<br>31 March 2025 | As at<br>31 March 2024 |
| <b>Unsecured</b>                                                          |                        |                        |
| Considered good                                                           | 725.40                 | 670.30                 |
| Less: Loss allowance (for expected credit loss under simplified approach) | (29.54)                | (63.26)                |
| <b>Total</b>                                                              | <b>695.86</b>          | <b>607.04</b>          |

- Trade receivables are measured at amortised cost. Also refer Note 44.5.7 for accounting policy.
- Trade receivables due from private companies in which director of the Company, is a director or a member as at **31 March 2025 ₹ Nil** (**31 March 2024 : ₹ Nil**).
- For related party receivables, refer Note 44.6.9.
- Movement of loss allowance (for expected credit loss under simplified approach)**

|                                           | ₹ in Crores  |
|-------------------------------------------|--------------|
| Particulars                               | Amount       |
| As at 1 April 2023                        | 63.02        |
| Allowance made/(reversed) during the year | 10.03        |
| Less: Written off                         | (9.79)       |
| <b>As at 31 March 2024</b>                | <b>63.26</b> |
| Allowance made/(reversed) during the year | (33.31)      |
| Less: Written off                         | (0.41)       |
| <b>As at 31 March 2025</b>                | <b>29.54</b> |

- Refer Note 44.6.11 for fair value disclosure of financial assets and financial liabilities.
- Refer Note 44.6.13 on credit risk of trade receivables, which explains how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.
- The carrying amount of the trade receivables include receivables which are subject to the export sales bill discounting arrangement. However, where the Parent Company has retained the credit risks, it continues to recognise these assets in entirety in its Balance sheet, while bills discounted without recourse have been derecognised. The amount repayable under this arrangement is presented as borrowings.



# Notes to the Consolidated Financial Statements

## Note 11 : Trade receivables (Contd..)

The relevant carrying amounts are as follows:-

| Particulars                                           | ₹ in Crores            |                        |
|-------------------------------------------------------|------------------------|------------------------|
|                                                       | As at<br>31 March 2025 | As at<br>31 March 2024 |
| Total transferred receivables w.r.t. Bills discounted | -                      | 51.78                  |
| Related borrowings (Refer Note 27)                    | -                      | 51.78                  |

### 8. For trade receivables outstanding, the ageing schedule is as given below:

#### As at 31 March 2025

As at 31 March 2023

₹ in Crores

| Particulars                                                                        | Unbilled    | Outstanding for following periods from due date of payment |                    |                  |             |             |                   | Total         |
|------------------------------------------------------------------------------------|-------------|------------------------------------------------------------|--------------------|------------------|-------------|-------------|-------------------|---------------|
|                                                                                    |             | Not due                                                    | Less than 6 months | 6 months -1 year | 1-2 years   | 2-3 years   | More than 3 years |               |
| (i) Undisputed trade receivables - considered good                                 | 0.04        | 531.99                                                     | 156.04             | 10.59            | 8.77        | 2.30        | 6.57              | 716.30        |
| (ii) Undisputed trade receivables – which have significant increase in credit risk | -           | -                                                          | -                  | -                | -           | -           | -                 | -             |
| (iii) Undisputed trade receivables – credit impaired                               | -           | -                                                          | -                  | -                | -           | -           | -                 | -             |
| (iv) *Disputed trade receivables- considered good                                  | -           | -                                                          | -                  | -                | -           | -           | 9.10              | 9.10          |
| (v) Disputed trade receivables – which have significant increase in credit risk    | -           | -                                                          | -                  | -                | -           | -           | -                 | -             |
| (vi) Disputed trade receivables – credit impaired                                  | -           | -                                                          | -                  | -                | -           | -           | -                 | -             |
| <b>Total trade receivables</b>                                                     | <b>0.04</b> | <b>531.99</b>                                              | <b>156.04</b>      | <b>10.59</b>     | <b>8.77</b> | <b>2.30</b> | <b>15.67</b>      | <b>725.40</b> |
| Less: Loss allowance for expected credit loss                                      |             |                                                            |                    |                  |             |             |                   | (29.54)       |
| <b>Total trade receivables (net)</b>                                               |             |                                                            |                    |                  |             |             |                   | <b>695.86</b> |

\* Disputed trade receivables represents legal cases with customers.

#### As at 31 March 2024

As at 31 March 2024

₹ in Crores

| Particulars                                                                        | Unbilled    | Outstanding for following periods from due date of payment |              |             |              |             |              | Total         |
|------------------------------------------------------------------------------------|-------------|------------------------------------------------------------|--------------|-------------|--------------|-------------|--------------|---------------|
|                                                                                    |             | Not due                                                    | Less than    | 6 months    | 1-2          | 2-3         | More than    |               |
|                                                                                    |             |                                                            | 6 months     | -1 year     | years        | years       | 3 years      |               |
| (i) Undisputed trade receivables - considered good                                 | 0.12        | 504.94                                                     | 99.37        | 5.43        | 44.14        | 2.99        | 4.09         | 661.08        |
| (ii) Undisputed trade receivables - which have significant increase in credit risk | -           | -                                                          | -            | -           | -            | -           | -            | -             |
| (iii) Undisputed trade receivables - credit impaired                               | -           | -                                                          | -            | -           | -            | -           | -            | -             |
| (iv) *Disputed trade receivables- considered good                                  | -           | -                                                          | -            | -           | -            | 0.02        | 9.20         | 9.22          |
| (v) Disputed trade receivables - which have significant increase in credit risk    | -           | -                                                          | -            | -           | -            | -           | -            | -             |
| (vi) Disputed trade receivables - credit impaired                                  | -           | -                                                          | -            | -           | -            | -           | -            | -             |
| <b>Total trade receivables</b>                                                     | <b>0.12</b> | <b>504.94</b>                                              | <b>99.37</b> | <b>5.43</b> | <b>44.14</b> | <b>3.01</b> | <b>13.29</b> | <b>670.30</b> |
| Less: Loss allowance for expected credit loss                                      | -           | -                                                          | -            | -           | -            | -           | -            | (63.26)       |
| <b>Total trade receivables (net)</b>                                               |             |                                                            |              |             |              |             |              | <b>607.04</b> |

\* Disputed trade receivables represents legal cases with customers.

# Notes to the Consolidated Financial Statements

## Note 12a : Cash and cash equivalents

| Particulars                                                | ₹ in Crores            |                        |
|------------------------------------------------------------|------------------------|------------------------|
|                                                            | As at<br>31 March 2025 | As at<br>31 March 2024 |
| <b>Balances with banks</b>                                 |                        |                        |
| Current accounts and debit balance in cash credit accounts | 415.34                 | 448.38                 |
| Bank deposits with original maturity of less than 3 months | 325.71                 | 44.51                  |
| Cash on hand                                               | 0.01                   | 0.01                   |
| <b>Total</b>                                               | <b>741.06</b>          | <b>492.90</b>          |

## Note 12b : Bank balances other than cash and cash equivalents

| Particulars                                                                        | ₹ in Crores            |                        |
|------------------------------------------------------------------------------------|------------------------|------------------------|
|                                                                                    | As at<br>31 March 2025 | As at<br>31 March 2024 |
| Unpaid dividend accounts                                                           | 7.03                   | 8.21                   |
| Bank deposits with original maturity of more than 3 months but less than 12 months | 248.49                 | 3.64                   |
| <b>Total</b>                                                                       | <b>255.52</b>          | <b>11.85</b>           |

- Balances in unpaid dividend accounts with banks are earmarked.
- Bank deposits of ₹ 3.97 Crores (31 March 2024: ₹ 3.64 Crores) are held as security against the guarantees, Letter of Credit and other commitments. Fixed deposits of ₹ 10.25 Crores (31 March 2024: ₹ Nil) towards securitisation (PTC) are lien marked against borrowings from securitisation transaction.
- Refer Note 44.6.13 on risk management objectives and policies for financial instruments.



## Note 13 : Loans and Receivables of financial services business (Current)

| Particulars                                       | ₹ in Crores            |                        |
|---------------------------------------------------|------------------------|------------------------|
|                                                   | As at<br>31 March 2025 | As at<br>31 March 2024 |
| <b>Receivables of financial services business</b> |                        |                        |
| Secured, considered good                          | 1,040.01               | 1,059.03               |
| Less : Provision for expected credit loss         | (3.64)                 | (3.22)                 |
| Unsecured, considered good                        | 420.17                 | 326.04                 |
| Less: Provision for expected credit loss          | (4.36)                 | (2.38)                 |
| <b>Total</b>                                      | <b>1,452.18</b>        | <b>1,379.46</b>        |

- Receivables of financial services business are measured at amortised cost.
- Refer Note 44.5.7 for policy on provision for expected credit loss.
- Refer Note 44.6.11 for fair value disclosure of financial assets and financial liabilities and Note 44.6.12 for fair value hierarchy.
- Refer Note 44.6.13 on risk management objectives and policies for financial instruments.

## Note 14 : Loans (Current)

| Particulars                       | ₹ in Crores            |                        |
|-----------------------------------|------------------------|------------------------|
|                                   | As at<br>31 March 2025 | As at<br>31 March 2024 |
| <b>Unsecured, considered good</b> |                        |                        |
| Loans to employees                | 0.02                   | 0.03                   |
| <b>Total</b>                      | <b>0.02</b>            | <b>0.03</b>            |

- Loans are measured at amortised cost.
- No outstanding loans or advances which are in the nature of loans have been granted by the Company to promoters, directors, key managerial personnels and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person.
- Refer Note 44.6.13 on risk management objectives and policies for financial instruments.

## Notes to the Consolidated Financial Statements

### Note 15 : Other financial assets (Current)

₹ in Crores

| Particulars                                 | As at<br>31 March 2025 | As at<br>31 March 2024 |
|---------------------------------------------|------------------------|------------------------|
| <b>Security deposits</b>                    |                        |                        |
| Unsecured, considered good                  | 2.64                   | 16.26                  |
| Doubtful                                    | 0.91                   | -                      |
| Less : Loss allowance for doubtful deposits | (0.91)                 | -                      |
| Subsidy receivable under PSI scheme, 2001   | 1.75                   | 9.08                   |
| Export incentive receivable                 | 5.45                   | 9.32                   |
| Derivative assets                           | 1.76                   | 0.50                   |
| Other receivables                           | 10.49                  | 5.98                   |
| Advance to lenders                          | -                      | 4.58                   |
| <b>Total</b>                                | <b>22.09</b>           | <b>45.72</b>           |

- Other financial assets, except derivatives, are measured at amortised cost. Derivatives are carried at fair value through profit and loss.
- Derivative Assets reflect the positive change in fair value of those foreign exchange forward contracts that are not designated in hedge relationship, but are nevertheless, intended to reduce the level of foreign currency risk exposure.
- Refer Note 44.6.11 for fair value disclosure of financial assets and financial liabilities and Note 44.6.12 for fair value hierarchy.
- Refer Note 44.6.13 on risk management objectives and policies for financial instruments.
- Also refer Note 6 for additional details on Subsidy receivable under PSI scheme, 2001.
- Other receivables due from private companies in which director of the Company is , a director or a member as at **31 March 2025 : ₹ Nil (31 March 2024 : ₹ Nil )**.

### Note 16 : Assets held for sale (Current)

₹ in Crores

| Particulars                         | As at<br>31 March 2025 | As at<br>31 March 2024 |
|-------------------------------------|------------------------|------------------------|
| Property, plant and equipment (net) | -                      | 20.88                  |
| <b>Total</b>                        | <b>-</b>               | <b>20.88</b>           |

- Asset held for sale includes a freehold land owned by the Parent Company at Bhare (granted by Government of Maharashtra) where the Parent Company has initiated the process to surrender the same back. The carrying value of ₹ 0.11 lacs has been fully impaired during the earlier years.
- During earlier years, the subsidiary La-Gajjar Machineries Private Limited (LGM) had classified land having carrying book value of ₹ 35.92 Crores as held for sale which was measured at the lower of its carrying amount and fair value less cost to sale in accordance with 'Ind AS 105 Non current Assets held for sale and discontinued operations'.

During the current year, out of above, land having carrying value of ₹ 20.88 Crores and during previous year ₹ 15.04 Crores has been sold by the subsidiary.

### Note 17 : Current tax assets (net)

₹ in Crores

| Particulars                            | As at<br>31 March 2025 | As at<br>31 March 2024 |
|----------------------------------------|------------------------|------------------------|
| Tax paid in advance (net of provision) | 26.99                  | -                      |
| <b>Total</b>                           | <b>26.99</b>           | <b>-</b>               |

Refer Note 7 Non-current tax paid in advance (net of provision)

# Notes to the Consolidated Financial Statements

## Note 18 : Other current assets

| Particulars                                                     | ₹ in Crores            |                        |
|-----------------------------------------------------------------|------------------------|------------------------|
|                                                                 | As at<br>31 March 2025 | As at<br>31 March 2024 |
| <b>Advance to suppliers</b>                                     |                        |                        |
| Unsecured, considered good                                      | 58.59                  | 25.61                  |
| Doubtful                                                        | 0.82                   | 0.48                   |
| Less : Loss allowance for doubtful advances                     | (0.82)                 | (0.48)                 |
| Sales tax / Value added tax / Goods and Services tax receivable | 21.02                  | 21.49                  |
| Prepaid expenses                                                | 13.79                  | 12.56                  |
| Others                                                          | 1.76                   | 1.69                   |
| <b>Total</b>                                                    | <b>95.16</b>           | <b>61.35</b>           |

## Note 19 : Equity share capital

### Authorised share capital

Equity shares of ₹ 2 each

| Particulars                         | No. of shares       | ₹ in Crores  |
|-------------------------------------|---------------------|--------------|
| As at 1 April 2023                  | 27,00,00,000        | 54.00        |
| Increase/(decrease) during the year | -                   | -            |
| <b>As at 31 March 2024</b>          | <b>27,00,00,000</b> | <b>54.00</b> |
| Increase/(decrease) during the year | -                   | -            |
| <b>As at 31 March 2025</b>          | <b>27,00,00,000</b> | <b>54.00</b> |



### Terms/Rights attached to the equity shares

The Parent Company has only one class of equity shares having a par value of ₹ 2/- each. Each equity shareholder is entitled to one vote per share and has a right to receive dividend as recommended by Board of Directors subject to the necessary approval from the shareholders.

In the event of liquidation of the Parent Company, the holders of equity shares will be entitled to receive remaining assets of the Parent Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Equity shares reserved for issue under employee stock option plan : **7,57,803** (31 March 2024: **5,64,045**) equity shares.

### Issued and subscribed share capital

Equity shares of ₹ 2 each

| Particulars                | No. of shares       | ₹ in Crores  |
|----------------------------|---------------------|--------------|
| As at 1 April 2023         | 14,47,44,102        | 28.95        |
| Changes during the year    | 2,12,169            | 0.04         |
| <b>As at 31 March 2024</b> | <b>14,49,56,271</b> | <b>28.99</b> |
| Changes during the year    | 2,23,418            | 0.05         |
| <b>As at 31 March 2025</b> | <b>14,51,79,689</b> | <b>29.04</b> |

### Subscribed and fully paid up

Equity shares of ₹ 2 each

| Particulars                | No. of shares       | ₹ in Crores  |
|----------------------------|---------------------|--------------|
| As at 1 April 2023         | 14,47,43,637        | 28.95        |
| Changes during the year    | 2,12,169            | 0.04         |
| <b>As at 31 March 2024</b> | <b>14,49,55,806</b> | <b>28.99</b> |
| Changes during the year    | 2,23,418            | 0.05         |
| <b>As at 31 March 2025</b> | <b>14,51,79,224</b> | <b>29.04</b> |



## Notes to the Consolidated Financial Statements

### Note 19 : Equity share capital (Contd..)

The Parent Company has share suspense account which represents equity shares of ₹ 2 each to be issued and allotted to shareholders of erstwhile Shivaji Works Ltd. on amalgamation according to scheme sanctioned by Board of Industrial and Financial Reconstruction (BIFR), are kept in abeyance as per the Scheme of Arrangement approved by Hon'ble High Court of Judicature at Bombay vide its order dated 31 July 2009 read with order dated 19 March 2010.

| Particulars of Share suspense account | No. of shares | ₹ in Crores |
|---------------------------------------|---------------|-------------|
| As at 1 April 2023                    | 465           | 0.00        |
| Changes during the year               | -             | -           |
| <b>As at 31 March 2024</b>            | <b>465</b>    | <b>0.00</b> |
| Changes during the year               | -             | -           |
| <b>As at 31 March 2025</b>            | <b>465</b>    | <b>0.00</b> |

#### 1. Number of shares held by each shareholder holding more than 5% Shares in the Parent Company

| Name of the Shareholder                  | As at 31 March 2025 |                   | As at 31 March 2024 |                   |
|------------------------------------------|---------------------|-------------------|---------------------|-------------------|
|                                          | No. of shares       | % of shareholding | No. of shares       | % of shareholding |
| Rahul Chandrakant Kirloskar <sup>#</sup> | 1,77,86,902         | 12.25             | 1,77,86,902         | 12.27             |
| Atul Chandrakant Kirloskar <sup>##</sup> | 1,46,74,947         | 10.11             | 1,46,74,947         | 10.12             |
| Kirloskar Industries Limited             | 82,10,439           | 5.66              | 82,10,439           | 5.66              |
| Alpana Rahul Kirloskar                   | 77,89,634           | 5.37              | 77,89,634           | 5.37              |

<sup>#</sup> Out of 1,77,86,902 equity shares - **1,77,72,083** (Previous Year: **1,77,72,083**) equity shares are held in individual capacity, **5,700** (Previous Year: **5,700**) equity shares are held as a Karta of Rahul C. Kirloskar HUF and **9,119** (Previous Year: **9,119**) equity shares are held as a Trustee of C. S. Kirloskar Testamentary Trust.

<sup>##</sup> Out of 1,46,74,947 equity shares - **1,46,68,872** (Previous Year: **1,46,68,872**) equity shares are held in individual capacity, **375** (Previous Year: **375**) equity shares are held as a Trustee of C.S. Kirloskar Testamentary Trust and **5,700** (Previous Year: **5,700**) equity shares are held as a Karta of Atul C. Kirloskar HUF.

#### 2. The details of shareholding of promoter and promoter group is as below:

| Name                               | As at 31 March 2025 |                          |                   | As at 31 March 2024 |                          |                   |
|------------------------------------|---------------------|--------------------------|-------------------|---------------------|--------------------------|-------------------|
|                                    | No. of shares held  | % change during the year | % of total shares | No. of shares held  | % change during the year | % of total shares |
| Rahul Chandrakant Kirloskar        | 1,77,86,902         | -                        | 12.25             | 1,77,86,902         | -                        | 12.27             |
| Atul Chandrakant Kirloskar         | 1,46,74,947         | -                        | 10.11             | 1,46,74,947         | -                        | 10.12             |
| Kirloskar Industries Limited       | 82,10,439           | -                        | 5.66              | 82,10,439           | -                        | 5.66              |
| Alpana Rahul Kirloskar             | 77,89,634           | -                        | 5.37              | 77,89,634           | 1                        | 5.37              |
| Gauri Kirloskar                    | 57,53,580           | -                        | 3.96              | 57,53,580           | -                        | 3.97              |
| Arti Atul Kirloskar                | 32,29,454           | -                        | 2.22              | 32,29,454           | -                        | 2.23              |
| Aditi Atul Kirloskar               | 19,17,860           | -                        | 1.32              | 19,17,860           | -                        | 1.32              |
| Navsai Investments Private Limited | 91,798              | -                        | 0.06              | 91,798              | 11,979                   | 0.06              |
| Roopa Jayant Gupta                 | 90,812              | -                        | 0.06              | 90,812              | 335                      | 0.06              |
| Kirloskar Chillers Private Limited | 50,000              | -                        | 0.03              | 50,000              | -                        | 0.03              |
| Sanjay Chandrakant Kirloskar       | 46,654              | -                        | 0.03              | 46,654              | -                        | 0.03              |
| Suman Chandrakant Kirloskar        | 41,221              | -                        | 0.03              | 41,221              | -34                      | 0.03              |
| Geetanjali Vikram Kirloskar        | 31,875              | -                        | 0.02              | 31,875              | 100                      | 0.02              |
| Alpak Investments Private Limited  | 13,980              | -                        | 0.01              | 13,980              | 1,739                    | 0.01              |
| Alok Kirloskar                     | 6,262               | -                        | 0.00              | 6,262               | -                        | 0.00              |
| Kirloskar Systems Private Limited  | 2,070               | 100                      | 0.00              | -                   | -                        | -                 |
| Pratima Sanjay Kirloskar           | 1,520               | -                        | 0.00              | 1,520               | -                        | 0.00              |
| Aman Rahul Kirloskar               | 200                 | 100                      | 0.00              | -                   | -                        | -                 |
| Akshay Sahni                       | 100                 | -                        | 0.00              | 100                 | -                        | 0.00              |
| Late Mrinalini Shreekant Kirloskar | -                   | -                        | -                 | -                   | -100                     | -                 |
| <b>Total</b>                       | <b>5,97,39,308</b>  |                          | <b>41.15</b>      | <b>5,97,37,038</b>  |                          | <b>41.21</b>      |

# Notes to the Consolidated Financial Statements

## Note 20 : Other equity

₹ in Crores

| Particulars                                                                            | As at<br>31 March 2025 | As at<br>31 March 2024 |
|----------------------------------------------------------------------------------------|------------------------|------------------------|
| Share application money pending allotment                                              | 0.33                   | 0.41                   |
| Capital redemption reserve                                                             | 0.20                   | 0.20                   |
| Securities premium                                                                     | 10.97                  | 6.01                   |
| General reserve                                                                        | 608.90                 | 608.71                 |
| Statutory reserve                                                                      | 53.29                  | 37.22                  |
| Equity instruments designated through other comprehensive income                       | 0.32                   | 0.49                   |
| Employee stock option reserve                                                          | 20.90                  | 15.65                  |
| Foreign currency translation reserve                                                   | 0.85                   | 0.32                   |
| <b>Retained earnings</b>                                                               |                        |                        |
| Opening balance                                                                        | 1,978.21               | 1,625.86               |
| Add :                                                                                  |                        |                        |
| Profit for the year                                                                    | 489.15                 | 441.87                 |
| Other comprehensive income / (loss)                                                    | (3.94)                 | (3.23)                 |
| Transfer from Employee stock option reserve                                            | 1.50                   | -                      |
|                                                                                        | <b>486.70</b>          | <b>438.64</b>          |
| Less : Appropriations                                                                  |                        |                        |
| Expenses on issue of equity shares                                                     | (0.07)                 | -                      |
| Transfer to Special Reserve under section 45-IC of The Reserve Bank of India Act, 1934 | (16.07)                | (13.85)                |
| Final dividend for the previous year                                                   | (50.78)                | (36.21)                |
| Interim dividend for the current year                                                  | (36.29)                | (36.23)                |
|                                                                                        | <b>(103.21)</b>        | <b>(86.29)</b>         |
| <b>Total retained earnings</b>                                                         | <b>2,361.70</b>        | <b>1,978.21</b>        |
| <b>Total</b>                                                                           | <b>3,057.46</b>        | <b>2,647.22</b>        |

- Share application money pending allotment, represents amount received from employees who have exercised Employee Stock Option Plan (ESOP) for which shares are pending allotment as on the Balance Sheet date.
- Capital redemption reserve is created out of General reserve being nominal value of shares bought back in terms of erstwhile section 77A of the Companies Act, 1956 for equity shares buy back in the year 2012-13.
- Securities premium represents the amount received in excess of face value of the equity shares. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.
- General reserve is created by setting aside amount from the retained earnings of the Company for general purposes which is freely available for distribution.
- Statutory Reserve is created pursuant to the provision of section 45-IC of Reserve Bank of India Act, 1934, the step down subsidiary Company Arka Fincap Limited has transferred ₹ 16.07 Crores (31 March 2024 : ₹ 13.85 Crores) towards statutory reserve fund.
- Equity instruments through other comprehensive income represents the cumulative gains and losses arising on the valuation of equity instruments measured at fair value through other comprehensive income, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off and is not available for distribution of dividend.
- Employee stock option reserve is used to record the fair value of equity-settled share based payment transactions with employees. The amounts recorded in share options outstanding account are transferred to securities premium upon exercise of stock options and transferred to general reserve on account of vested stock options not exercised by employees. Refer Note 44.6.16 for disclosure on Employee Stock Option Plan (ESOP) of the Group.

### 8. Dividend distribution made and proposed

₹ in Crores

| Particulars                                                                                            | 2024-2025    | 2023-2024    |
|--------------------------------------------------------------------------------------------------------|--------------|--------------|
| <b>Cash dividends on equity shares declared and paid</b>                                               |              |              |
| Final dividend for the year ended 31 March 2024: ₹ 3.50 per share<br>(31 March 2023: ₹ 2.50 per share) | 50.78        | 36.21        |
| Interim dividend for year ended 31 March 2025: ₹ 2.50 per share<br>(31 March 2024: ₹ 2.50 per share)   | 36.29        | 36.23        |
|                                                                                                        | <b>87.07</b> | <b>72.44</b> |

Final dividend proposed for the year ended **31 March 2025: ₹ 4 per share** (31 March 2024: ₹ 3.50 per share)

Proposed dividend on equity shares are subject to approval of the shareholders of the Parent Company at the Annual General Meeting and are not recognised as a liability as at 31 March.

# Notes to the Consolidated Financial Statements

## Note 21 : Borrowings (Non-current)

| Particulars                                           | ₹ in Crores            |                        |
|-------------------------------------------------------|------------------------|------------------------|
|                                                       | As at<br>31 March 2025 | As at<br>31 March 2024 |
| Secured loans from bank - term loan                   | 2,317.46               | 1,216.98               |
| Secured, Non-convertible debentures ("NCD")           | 917.46                 | 465.81                 |
| <b>Secured loans from NBFC/ Financial Institution</b> |                        |                        |
| Term loan                                             | 137.03                 | 152.14                 |
| Vehicle loan (includes capital lease loan)            | 1.09                   | 0.74                   |
| Unsecured, Non-convertible debentures ("NCD")         | 206.64                 | 134.59                 |
| Securitisation (PTC)                                  | 181.30                 | -                      |
| <b>Total</b>                                          | <b>3,760.98</b>        | <b>1,970.26</b>        |
| Aggregate secured borrowings                          | <b>3,554.34</b>        | <b>1,835.67</b>        |
| Aggregate unsecured borrowings                        | <b>206.64</b>          | <b>134.59</b>          |

1. Borrowings are measured at amortised cost.

### 2. Term loans from banks of the Parent Company

The Parent Company has availed a total term loan of ₹ 119.13 Crores for the purchase of immovable property. The loan is to be repaid in monthly installments of ₹ 2.50 Crores each starting from December 2023 with rate of interest linked to repo rate plus applicable spread i.e effective 7.80% p.a. The term loan is secured by an exclusive charge on the immovable property purchased through the term loan facility and hypothecation of movable fixed assets acquired through the term loan facility. The carrying amount of the loan as at 31 March 2025 is ₹ 79.13 Crores. Refer Note 27- Current Borrowings for current maturities of this long term borrowings.

#### Maturity profile of term loans from banks (Current and Non-current)

| Period                                 | ₹ in Crores            |                        |
|----------------------------------------|------------------------|------------------------|
|                                        | As at<br>31 March 2025 | As at<br>31 March 2024 |
| Less than three months                 | 7.50                   | 7.50                   |
| More three months up to one year       | 22.50                  | 22.50                  |
| More than one year up to three years   | 49.13                  | 60.00                  |
| More than three years up to five years | -                      | 7.21                   |
| <b>Total</b>                           | <b>79.13</b>           | <b>97.21</b>           |

### 3. Term loans & Vehicle loans from banks/NBFCs and NCDs

#### Subsidiary - Arka Financial Holdings Private Limited(AFHPL)

- The term loans availed by Arka Fincap Limited and Arka Investment Advisory Services Private Limited( subsidiaries of AFHPL) from Banks, Non-Banking Financial Company (NBFC) and debenture holders are secured by first pari passu charge by way of hypothecation on present and future receivables, book debts, cash & cash equivalents, liquid investments and units of alternate investment fund.
- The Non Convertible Debentures (NCDs) carry interest rates in the range of 8.75% to 12.65% p.a., repayable within 10 years.
- The term loans from banks carry interest rates in the range of 8.10% to 10.85% p.a., repayable within 5 years.
- The term loans from NBFCs carry interest rates within the range of 9.60% to 10.35% p.a., repayable within 3 years.
- The Securitisation (PTC) carry interest rates within the range of 8.50% to 9.30% p.a., repayable within 14 years.
- The Securitisation (PTC) are secured by way of hypothecation on specific pool of receivables and cash collateral as per terms agreed.

# Notes to the Consolidated Financial Statements

## Notve 21 : Borrowings (Non-current) (Contd..)

### Maturity profile of NCD and term loans from banks and NBFC (Current and Non-current)

| Period                                 | As at           | As at           |
|----------------------------------------|-----------------|-----------------|
|                                        | 31 March 2025   | 31 March 2024   |
| Less than three months                 | 426.13          | 379.62          |
| More three months up to one year       | 1,423.68        | 1,566.14        |
| More than one year up to three years   | 2,340.08        | 1,589.89        |
| More than three years up to five years | 709.95          | 193.29          |
| More than five years                   | 595.07          | 75.00           |
| <b>Total</b>                           | <b>5,494.91</b> | <b>3,803.95</b> |

₹ in Crores

### Subsidiary - La Gajjar Machineries Private Limited

#### 1. Term loans from banks

- The term loans availed from Federal Bank and Axis Bank are secured by a first pari passu charge by way of hypothecation of Plant & Machinery and other assets and second charge on entire current assets of the subsidiary company. Further term loans from Federal Bank and Axis Bank are secured by way of creation of equitable mortgage on Land, Building, Plant & Machinery and other assets at the new plant at Sanand to the extent applicable.
- Working capital term loan of ₹ 14.00 Crores repayable in 60 monthly instalments of ₹ 0.23 Crores each starting from May 2018 was fully repaid in April 2023.
- Sanctioned term loan of ₹ 47.50 Crores from Axis Bank and drawn till 31-03-2025 to the extent of ₹ 41.10 Crores to be repaid in 60 monthly instalments of ₹ 0.79 Crores each starting from August 2025 at rate of interest 8.15%. The loan carries a moratorium period of 24 months starting from first disbursement done in August 2023.
- Sanctioned term loan of ₹ 47.50 Crores from Federal Bank and drawn till 31-03-2025 to the extent of ₹ 35.64 Crores to be repaid in 60 monthly instalments of ₹ 0.79 Crores each starting from October 2025 at rate of interest 8.05%. The loan carries a moratorium period of 24 months starting from first disbursement done in September 2023.

### Maturity profile of term loans from banks and NBFC (Current and Non-current)

| Period                                 | As at         | As at         |
|----------------------------------------|---------------|---------------|
|                                        | 31 March 2025 | 31 March 2024 |
| Less than three months                 | -             | -             |
| More three months up to one year       | 11.08         | -             |
| More than one year up to three years   | 38.00         | 14.02         |
| More than three years up to five years | 27.66         | 17.65         |
| More than five years                   | -             | 12.46         |
| <b>Total</b>                           | <b>76.74</b>  | <b>44.13</b>  |

₹ in Crores

### Subsidiary - Kirloskar Americas Corporation (KAC) and step-down subsidiary - Engines LPG, LLC dba Wildcat Power Gen (amounts in US \$)

#### 1. Loan for purchase of vehicles - Banks/NBFC

The step-down subsidiary company has availed the vehicle loan amounting to \$ 67,056 from a financial institution to be repaid in 72 monthly installments of \$ 1,082 each starting from November 2021 at a rate of interest 4.99% p.a. The outstanding amounts to \$ 32,339 as at 31 March 2025.

The step-down subsidiary company has availed the vehicle loan amounting to \$ 36,238 from a financial institution to be repaid in 48 monthly installments of \$ 769 each starting from November 2024 at a rate of interest 0.90% p.a. The outstanding amounts to \$ 33,266 as at 31 March 2025.

The step-down subsidiary company has availed the vehicle loan amounting to \$ 31,686 from a financial institution to be repaid in 60 monthly installments of \$ 638 each starting from December 2024 at a rate of interest 7.59% p.a. The outstanding amounts to \$ 30,888 as at 31 March 2025.



## Notes to the Consolidated Financial Statements

### Notve 21 : Borrowings (Non-current) (Contd..)

The step-down subsidiary company has availed the capital lease loan amounting to \$ 25,918 from a financial institution to be repaid in 72 monthly installments of \$ 437.36 each starting from July 2019 at a rate of interest 6.64% p.a. The outstanding amounts to \$ 869 as at 31 March 2025.

The step-down subsidiary company has availed the capital lease loan amounting to \$ 65,960 from a financial institution to be repaid in 60 monthly installments of \$ 1,321.71 each starting from April 2024 at a rate of interest 7.50% p.a. The outstanding amounts to \$ 54,664 as at 31 March 2025.

The step-down subsidiary company has availed the capital lease loan amounting to \$ 27,300 from a financial institution to be repaid in 36 monthly installments of \$ 845.44 each starting from April 2024 at a rate of interest 7.20% p.a. The outstanding amounts to \$ 23,149 as at 31 March 2025.

Maturity profile of term loans, vehicle loans and capital lease loans from banks (Current and Non-current)

| Period                                 | ₹ in Crores            |                        |
|----------------------------------------|------------------------|------------------------|
|                                        | As at<br>31 March 2025 | As at<br>31 March 2024 |
| Less than three months                 | 0.10                   | 0.07                   |
| More three months up to one year       | 0.31                   | 0.19                   |
| More than one year up to three years   | 0.81                   | 0.42                   |
| More than three years up to five years | 0.28                   | 0.32                   |
| <b>Total</b>                           | <b>1.50</b>            | <b>0.99</b>            |

- There has been no default in repayment of interest & principal amount for year ended 31 March 2025 and 31 March 2024.
- For explanations on the Group's Interest risk, Foreign currency risk and liquidity risk management processes, refer to Note 44.6.13.
- Refer Note 44.6.13 on risk management objectives and policies for financial instruments.

### Note 22 : Lease liabilities (Non-current)

| Particulars       | ₹ in Crores            |                        |
|-------------------|------------------------|------------------------|
|                   | As at<br>31 March 2025 | As at<br>31 March 2024 |
| Lease liabilities | 34.98                  | 7.57                   |
| <b>Total</b>      | <b>34.98</b>           | <b>7.57</b>            |

- Lease liabilities are measured at amortised cost.
- For explanations on the Group's Interest risk, Foreign currency risk and liquidity risk management processes, refer to Note 44.6.13

### Note 23 : Other financial liabilities (Non-current)

| Particulars                                    | ₹ in Crores            |                        |
|------------------------------------------------|------------------------|------------------------|
|                                                | As at<br>31 March 2025 | As at<br>31 March 2024 |
| Deposits/ Retentions from customers and others | 14.33                  | 16.51                  |
| <b>Total</b>                                   | <b>14.33</b>           | <b>16.51</b>           |

- Other financial liabilities are measured at amortised cost.
- For explanations on the Group's Interest risk, Foreign currency risk and liquidity risk management processes, refer to Note 44.6.13

# Notes to the Consolidated Financial Statements

## Note 24 : Provisions (Non-current)

₹ in Crores

| Particulars                                         | As at<br>31 March 2025 | As at<br>31 March 2024 |
|-----------------------------------------------------|------------------------|------------------------|
| <b>Provision for employee benefits</b>              |                        |                        |
| Provision for gratuity                              | 3.42                   | 1.90                   |
| Provision for compensated absence                   | 19.19                  | 20.66                  |
| Provision for pension and other retirement benefits | 2.45                   | 3.02                   |
| <b>Total provision for employee benefits</b>        | <b>25.06</b>           | <b>25.58</b>           |
| <b>Other provisions</b>                             |                        |                        |
| Provision for warranty                              | 23.82                  | 17.26                  |
| Provision for expected credit loss                  | 2.50                   | -                      |
| Expected credit loss on undrawn loan commitments    | 1.40                   | 1.72                   |
| <b>Total other provisions</b>                       | <b>27.72</b>           | <b>18.98</b>           |
| <b>Total</b>                                        | <b>52.78</b>           | <b>44.56</b>           |

1. Refer Note 32 Provisions (Current) for additional disclosures.

## Note 25 (a): Deferred tax assets (net)

₹ in Crores

| Particulars                                                 | As at<br>31 March 2025 | As at<br>31 March 2024 |
|-------------------------------------------------------------|------------------------|------------------------|
| <b>Deferred tax assets</b>                                  |                        |                        |
| Disallowances under Income Tax Act, 1961                    | 1.15                   | 12.73                  |
| Provision for doubtful debts & advances                     | 0.67                   | 10.56                  |
| Carried forward business loss                               | 3.57                   | 2.93                   |
| Others                                                      | 0.07                   | 5.53                   |
| <b>Total deferred tax assets</b>                            | <b>5.46</b>            | <b>31.75</b>           |
| <b>Less: deferred tax liabilities</b>                       |                        |                        |
| Depreciation                                                | 1.35                   | 1.79                   |
| Undistributed reserves of joint venture                     | -                      | 0.33                   |
| Fair value of Investment in debt instruments and borrowings | -                      | 16.47                  |
| <b>Total deferred tax liabilities</b>                       | <b>1.35</b>            | <b>18.59</b>           |
| <b>Total deferred tax assets (net)</b>                      | <b>4.11</b>            | <b>13.16</b>           |

### 1. Reconciliation of deferred tax assets (net)

₹ in Crores

| Particulars                                                                         | As at<br>31 March 2025 | As at<br>31 March 2024 |
|-------------------------------------------------------------------------------------|------------------------|------------------------|
| Opening balance as of 1 April                                                       | 13.16                  | 15.23                  |
| Tax income/(expense) during the year recognised in the Statement of Profit and Loss | (9.28)                 | (2.26)                 |
| Others                                                                              | -                      | 0.01                   |
| Tax income/(expense) during the year recognised in other comprehensive income       | 0.23                   | 0.18                   |
| <b>Closing balance as at 31 March</b>                                               | <b>4.11</b>            | <b>13.16</b>           |

### 2. Tax Losses

₹ in Crores

| Particulars                                                                                | As at<br>31 March 2025 | As at<br>31 March 2024 |
|--------------------------------------------------------------------------------------------|------------------------|------------------------|
| Unused tax losses for which no deferred tax assets have been recognised (Refer Note below) | 3.88                   | 14.70                  |
| Potential tax benefit                                                                      | 0.98                   | 3.49                   |

3. i. The unused tax losses were incurred by one of the subsidiary company on sale of land which is partially adjusted during the current financial year against long term capital gain and gain likely to be generated in next financial years.
- ii. A subsidiary company and a step-down subsidiary have not created deferred tax asset for unused tax losses against which no taxable income is expected to be generated in the foreseeable future. The losses can be carried forward as per the provisions of Income Tax Act.

## Notes to the Consolidated Financial Statements

### Note 25 (b): Deferred tax liabilities (net)

₹ in Crores

| Particulars                                                 | As at<br>31 March 2025 | As at<br>31 March 2024 |
|-------------------------------------------------------------|------------------------|------------------------|
| <b>Deferred tax liabilities</b>                             |                        |                        |
| Depreciation                                                | 45.05                  | 40.07                  |
| Fair value of Investment in debt instruments and borrowings | 28.78                  | -                      |
| Others                                                      | 4.47                   | 2.88                   |
| <b>Total deferred tax liabilities</b>                       | <b>78.30</b>           | <b>42.95</b>           |
| <b>Less : Deferred tax assets</b>                           |                        |                        |
| Disallowances under Income Tax Act, 1961                    | (20.63)                | (13.82)                |
| Provision for doubtful debts & advances                     | (20.20)                | (15.54)                |
| VRS Compensation                                            | (0.42)                 | (0.84)                 |
| Others                                                      | (8.29)                 | (3.10)                 |
| <b>Total deferred tax assets</b>                            | <b>(49.54)</b>         | <b>(33.30)</b>         |
| <b>Total deferred tax liabilities (net)</b>                 | <b>28.76</b>           | <b>9.65</b>            |

#### 1. Reconciliation of deferred tax liabilities (net)

₹ in Crores

| Particulars                                                                         | As at<br>31 March 2025 | As at<br>31 March 2024 |
|-------------------------------------------------------------------------------------|------------------------|------------------------|
| Opening balance as of 1 April                                                       | 9.65                   | 7.50                   |
| Tax (income)/expense during the year recognised in the Statement of Profit and Loss | 20.34                  | 3.04                   |
| Others                                                                              | (0.03)                 | -                      |
| Tax (income)/expense during the year recognised in other comprehensive income       | (1.20)                 | (0.89)                 |
| <b>Closing balance as at 31 March</b>                                               | <b>28.76</b>           | <b>9.65</b>            |

- The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relating to income taxes levied by the same tax authority.
- Refer Note 43 for Income tax and deferred tax rate.
- The deferred tax liability is not recognized by temporary difference between carrying amount and tax base of investments in subsidiary as the Parent Company is able to control the timing of reversal of temporary difference and it is probable that the difference will not reverse in the foreseeable future. Hence, the Group has not recognized any deferred tax liability for taxes on undistributed profits.

### Note 26 : Other non current liabilities

₹ in Crores

| Particulars                 | As at<br>31 March 2025 | As at<br>31 March 2024 |
|-----------------------------|------------------------|------------------------|
| Advance from customers      | 80.92                  | 20.28                  |
| Revenue received in advance | 1.52                   | 1.41                   |
| <b>Total</b>                | <b>82.44</b>           | <b>21.69</b>           |

- Refer Note 44.6.6 for additional disclosures.

# Notes to the Consolidated Financial Statements

## Note 27 : Borrowings (Current)

₹ in Crores

| Particulars                                | As at<br>31 March 2025 | As at<br>31 March 2024 |
|--------------------------------------------|------------------------|------------------------|
| <b>Secured</b>                             |                        |                        |
| <b>From banks</b>                          |                        |                        |
| Export preshipment loan in INR             | 50.29                  | 60.14                  |
| Cash credit                                | -                      | 16.13                  |
| Working capital demand loan                | 55.86                  | 47.11                  |
| Short term loans                           | -                      | 161.82                 |
| Current maturities of long term borrowings | 1,375.33               | 827.00                 |
| <b>From financial institution / others</b> |                        |                        |
| Short term loans                           | -                      | 95.79                  |
| Non-convertible debentures                 | 220.89                 | 590.98                 |
| Securitisation (PTC)                       | 11.71                  | -                      |
| Current maturities of long term borrowings | 134.27                 | 101.96                 |
| Others                                     | -                      | 0.73                   |
| <b>Unsecured</b>                           |                        |                        |
| <b>From bank</b>                           |                        |                        |
| Export sales bill discounted               | -                      | 51.78                  |
| <b>From others</b>                         |                        |                        |
| Commercial paper (net)                     | 142.88                 | 194.71                 |
| Non-convertible debentures                 | 6.22                   | 3.73                   |
| Others                                     | 2.40                   | 2.54                   |
| <b>Total</b>                               | <b>1,999.85</b>        | <b>2,154.42</b>        |
| Aggregate secured borrowings               | <b>1,848.35</b>        | <b>1,901.66</b>        |
| Aggregate unsecured borrowings             | <b>151.50</b>          | <b>252.76</b>          |

- Borrowings are measured at amortised cost.
- Secured borrowings - The Parent Company's fund and non-fund based working capital facilities aggregating to ₹ 385 Crores are secured by way of hypothecation (First Charge) on the whole of the current assets of the Parent Company both present and future in favour of the consortium of banks (SBI Consortium) comprising of State Bank of India, Pune (Lead Bank), Bank of Maharashtra, ICICI Bank Limited, HDFC Bank Limited, and The Hongkong and Shanghai Banking Corporation Limited (HSBC). The Board of Directors of the Parent Company had given their approval for reduction ₹ 410 Crores consortium limit to ₹ 385 Crores and also to appoint 'Axis Trustee Services Private Limited' as a Security Trustee. The Parent Company has appointed 'Axis Trustee Services Private Limited' as Security Trustee and is in process of execution of necessary agreements with Consortium Bankers to give effect to the reduction of working capital facilities and hypothecation charge from ₹ 410 Crores to ₹ 385 Crores. Accordingly, the necessary forms will be filed with the Ministry of Corporate Affairs/Registrar of Companies for modification of charge created to the extent of reduction in working capital facilities.

### Details relating to subsidiary companies :

- La-Gajjar Machineries Private Limited has fund and non fund based working capital facilities of ₹ 164.27 Crores are secured by first charge by way of hypothecation on the whole of the current assets of the subsidiary company both present and future and also the second charge on the whole of the movable Plant and Machinery and other fixed assets of the subsidiary company in favour of the consortium of banks (Federal Consortium) comprising of The Federal Bank Limited - Ahmedabad (Lead Bank), ICICI Bank Limited - Ahmedabad, Yes Bank Limited - Pune and HDFC Bank Limited - Ahmedabad.
- The unutilised portion of Cash Credit Limit of Subsidiary company i.e. La-Gajjar Machineries Private Limited is ₹ 113.95 Crores (31 March 2024 : ₹ 49.33 Crores).
- Engines LPG, LLC dba Wildcat Power Gen, a subsidiary of Kirloskar Americas Corporation entered into various unsecured loan agreements for working capital purposes with the non-controlling interest partner subordinated to Engines LPG, LLC dba Wildcat Power Gen's obligations to other vendors and credits. As of 31 March 2025 the outstanding loan amounted to \$ 280,002. The advance is due on demand, the principal balance and is classified within current borrowings on the balance sheet. The member agreed to the deferral of any due or past due payments and forego all the interest until 31 March 2025 or any further date as may be agreed.



## Notes to the Consolidated Financial Statements

### Note 27 : Borrowings (Current)

6. Engines LPG, LLC dba Wildcat Power Gen's also has obtained from the bank working capital drawn loan amounting to **\$ 3 million** (during the year ended **31 March 2024 : Nil**) in tranches for a for a term of minimum 7 days and maximum 180 days from drawdown date at rate of interest equal to a floating 90 days SOFR plus 1.35%, secured by the current assets of the step-down subsidiary company. The total loan outstanding as at 31 March 2025 is \$ 3 million. The step-down subsidiary company has executed a subordination agreement with the bank and the subsidiary company i.e. Kilroskar Americas Corporation, wherein the principal repayment of the borrowings other than the bank borrowings would be subordinated to the repayment of the bank borrowings.

7. The quarterly returns or statements of current assets filed by the Group with banks for the FY 2024-25 and FY 2023-24 are in agreement with the books of accounts. There were reconciling items in statements submitted by subsidiary as explained below :

In previous year in respect of Arka Fincap Limited-

- (i) There were reconciling items in the quarterly returns or statements of current assets filed by the step-down subsidiary company with banks or financial institutions on account of the following adjustments:
- (ii) Effective Interest Rate (EIR) adjustment as per Ind AS guidance.
- (iii) Adjustments arising to due to period end book closure adjustments for finalisation of quarterly results post filing of returns with banks . The financial information were provided to the bank before finalisation of the quarterly results.

8. There has been no default in repayment of interest & principal amount for year ended 31 March 2025 and 31 March 2024.

9. For explanations on the Group's Interest risk, foreign currency risk and liquidity risk management processes, refer to Note 44.6.13.

### Note 28 : Lease liabilities (Current)

| Particulars       | ₹ in Crores            |                        |
|-------------------|------------------------|------------------------|
|                   | As at<br>31 March 2025 | As at<br>31 March 2024 |
| Lease liabilities | 22.72                  | 9.59                   |
| <b>Total</b>      | <b>22.72</b>           | <b>9.59</b>            |

1. Lease liabilities are measured at amortised cost.

2. For explanations on the Group's Interest risk, foreign currency risk and liquidity risk management processes, refer to Note 44.6.13.

3. Refer Note 44.6.15 for additional disclosures.

### Note 29 : Trade and other payables

| Particulars                                               | ₹ in Crores            |                        |
|-----------------------------------------------------------|------------------------|------------------------|
|                                                           | As at<br>31 March 2025 | As at<br>31 March 2024 |
| Acceptances                                               | 27.73                  | 24.76                  |
| Due to micro enterprises and small enterprises            | 118.39                 | 162.05                 |
| Due to other than micro enterprises and small enterprises | 562.19                 | 607.46                 |
| <b>Total</b>                                              | <b>708.31</b>          | <b>794.27</b>          |

1. Trade and other payables are measured at amortised cost.

2. For terms and conditions with related parties, refer to Note 44.6.9.

3. For explanations on the Group's Interest risk, foreign currency risk and liquidity risk management processes, refer to Note 44.6.13.

# Notes to the Consolidated Financial Statements

## Note 29 : Trade and other payables (Contd..)

4. For trade and other payables outstanding, the ageing schedule is as given below:

As at 31 March 2025

₹ in Crores

| Particulars                                           | Unbilled    | Outstanding for following periods from due date of payment |                  |             |             |                   | Total         |
|-------------------------------------------------------|-------------|------------------------------------------------------------|------------------|-------------|-------------|-------------------|---------------|
|                                                       |             | Not Due                                                    | Less than 1 year | 1-2 years   | 2-3 years   | More than 3 years |               |
| Micro and Small Enterprises ("MSME")                  | 1.33        | 114.17                                                     | 0.46             | 0.06        | 0.01        | 2.36              | 118.39        |
| Others                                                | 6.55        | 461.22                                                     | 117.27           | 2.49        | 0.63        | 1.75              | 589.92        |
| *Disputed dues – Micro and Small Enterprises ("MSME") | -           | -                                                          | -                | -           | -           | -                 | -             |
| *Disputed dues – Others                               | -           | -                                                          | -                | -           | -           | -                 | -             |
| <b>Total</b>                                          | <b>7.88</b> | <b>575.39</b>                                              | <b>117.73</b>    | <b>2.55</b> | <b>0.64</b> | <b>4.11</b>       | <b>708.31</b> |

\* Disputed dues represents legal cases with vendors.

As at 31 March 2024

₹ in Crores

| Particulars                                           | Unbilled    | Outstanding for following periods from due date of payment |                  |             |             |                   | Total         |
|-------------------------------------------------------|-------------|------------------------------------------------------------|------------------|-------------|-------------|-------------------|---------------|
|                                                       |             | Not Due                                                    | Less than 1 year | 1-2 years   | 2-3 years   | More than 3 years |               |
| Micro and Small Enterprises ("MSME")                  | 0.41        | 158.86                                                     | 0.42             | 0.01        | 0.10        | 2.25              | 162.05        |
| Others                                                | 6.66        | 482.19                                                     | 134.28           | 5.33        | 0.75        | 3.01              | 632.22        |
| *Disputed dues – Micro and Small Enterprises ("MSME") | -           | -                                                          | -                | -           | -           | -                 | -             |
| *Disputed dues – Others                               | -           | -                                                          | -                | -           | -           | -                 | -             |
| <b>Total</b>                                          | <b>7.07</b> | <b>641.05</b>                                              | <b>134.70</b>    | <b>5.34</b> | <b>0.85</b> | <b>5.26</b>       | <b>794.27</b> |

\* Disputed dues represents legal cases with vendors.

## Note 30 : Other financial liabilities (Current)

₹ in Crores

| Particulars                   | As at 31 March 2025 | As at 31 March 2024 |
|-------------------------------|---------------------|---------------------|
| Deposits from customers       | 2.51                | 2.75                |
| Unclaimed dividends           | 7.04                | 8.22                |
| Payable for capital purchases | 38.04               | 37.50               |
| Employee benefits payable     | 84.41               | 80.21               |
| Book overdraft                | 230.22              | 205.11              |
| Derivative liabilities        | 0.02                | 0.45                |
| Other payables                | 62.56               | 28.15               |
| <b>Total</b>                  | <b>424.80</b>       | <b>362.39</b>       |

- Other financial liabilities, except derivative liabilities, are measured at amortised cost. Derivative instruments are carried at fair value through profit and loss.
- Derivative liabilities reflect the negative change in fair value of those foreign exchange forward contracts that are not designated in hedge relationship, but are nevertheless, intended to reduce the level of foreign currency risk exposure.
- Payable for capital purchase includes MSME creditors to the extent they are of capital nature amounting ₹ 4.15 Crores (31 March 2024 : ₹ 0.77 Crores).
- For explanations on the Group's interest risk, foreign currency risk and liquidity risk management processes, refer to Note 44.6.13.

# Notes to the Consolidated Financial Statements

## Note 31 : Other current liabilities

| Particulars                 | ₹ in Crores            |                        |
|-----------------------------|------------------------|------------------------|
|                             | As at<br>31 March 2025 | As at<br>31 March 2024 |
| Advance from customers      | 64.52                  | 46.68                  |
| Revenue received in advance | 32.81                  | 34.07                  |
| Statutory dues              | 60.89                  | 29.73                  |
| Others                      | 0.95                   | 0.31                   |
| <b>Total</b>                | <b>159.17</b>          | <b>110.79</b>          |

- For advance from customers and revenue received in advance refer Note 44.6.6 for additional disclosures.

## Note 32 : Provisions (Current)

| Particulars                                         | ₹ in Crores            |                        |
|-----------------------------------------------------|------------------------|------------------------|
|                                                     | As at<br>31 March 2025 | As at<br>31 March 2024 |
| <b>Provision for employee benefits</b>              |                        |                        |
| Provision for gratuity                              | 16.81                  | 11.23                  |
| Provision for compensated absence                   | 12.06                  | 16.11                  |
| Provision for pension and other retirement benefits | 0.33                   | 0.33                   |
| <b>Total provision for employee benefits</b>        | <b>29.20</b>           | <b>27.67</b>           |
| <b>Others</b>                                       |                        |                        |
| Provision for warranty                              | 79.60                  | 66.37                  |
| Tax provision (net of tax paid in advance)          | -                      | 1.58                   |
| Other provisions                                    | 24.59                  | 20.28                  |
| <b>Total others</b>                                 | <b>104.19</b>          | <b>88.23</b>           |
| <b>Total</b>                                        | <b>133.39</b>          | <b>115.90</b>          |

- Refer Note 24 Provisions (Non current).

### 2. Employee benefits obligations

#### a. Gratuity

The Group provides gratuity for employees as per the Gratuity Act, 1972 and internal gratuity scheme. Employees who are in continuous service for a period of five years are eligible for gratuity. The amount of gratuity is payable on retirement or termination whichever is earlier. The level of benefits provided depends on the member's length of service and salary at retirement age. The gratuity plan is funded plan except for step down subsidiary Arka Fincap Limited.

#### b. Pension, post retirement medical benefit and long term award benefits

The Parent Company provides certain post-employment medical scheme and long term award benefits to employees (unfunded). For long-term award scheme, the Parent Company has defined certain eligibility criteria and grade-wise benefit available to employees and is payable only at time of separation. Pension and medical benefits are payable to employees for 15 years after retirement.

#### c. Compensated absences

The leave obligation cover the Group's liability for earned leaves. Also Refer Note 44.6.7 for detailed disclosure.

The leave obligation cover the liability for one of the subsidiary for earned leaves which is expected to be paid-off in next 12 months.

# Notes to the Consolidated Financial Statements

## Note 32 : Provisions (Current) (Contd..)

### 3. Others

- a. Warranty is provided to customers at the time of sale of engines and generating sets manufactured. Warranty cost includes expenses in connection with repairs, free replacement of parts / engines and after sales services during warranty period which varies from 1 year to 4 years.

Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of reporting period. It is expected that majority of these costs will be incurred in the next financial year and balance will be incurred in following years. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

- b. The Parent Company has preferred an Appeal bearing No. 125 of 2016 before the Chief Controlling Revenue Authority (CCRA) against the Stamp Duty Adjudication Order dated 2 May 2016 bearing ADJ/188/2015 passed by Collector of Stamps, Enforcement - II, Mumbai levying a total stamp duty amount of ₹ 14.94 Crores on the Company for amalgamation of KBIL with the Company. For securing a Stay Order against the said Stamp duty Adjudication being ADJ/188/2015 dated 2 May 2016, the Company has deposited 50% of the stamp duty amount of ₹ 7.47 Crores on protest on 30 June 2016. Considering the payment of 50% of stamp duty amount, through its Order dated 22 September 2016, CCRA has passed an Order granting stay on the effect and operation of said Stamp Duty Adjudication Order bearing ADJ/188/2015 dated 2 May 2016. The Company's Appeal bearing No. 125 of 2016 is still pending and listing for final hearing is awaited. Accordingly, provision for stamp duty of ₹ 14.94 Crores has been made. In the meantime, the Company, on 30 January, 2024, filed an application under the Maharashtra Stamp Duty Amnesty Scheme 2023 for reduction in the adjudicated Stamp Duty and waiver of penalty and interest thereof. This application is pending for hearing/ orders.
- c. Provision for liquidated damages pertains to provision arising due to delay in actual delivery of goods/services as against the contractual delivery date.
- d. Provision for onerous contracts arises when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

| ₹ in Crores                   |               |              |                    |                   |
|-------------------------------|---------------|--------------|--------------------|-------------------|
| Particulars                   | Warranty      | Stamp duty   | Liquidated damages | Onerous contracts |
| As at 1 April 2023            | 77.66         | 14.94        | 2.94               | 0.45              |
| Arising during the year       | 71.59         | -            | 4.57               | -                 |
| Less : Utilised               | (66.60)       | -            | (1.23)             | (0.44)            |
| Less : Unused amount reversed | (0.50)        | -            | (0.97)             | -                 |
| Add: Unwinding of discount    | 1.48          | -            | -                  | -                 |
| <b>As at 31 March 2024</b>    | <b>83.63</b>  | <b>14.94</b> | <b>5.31</b>        | <b>0.01</b>       |
| Arising during the year       | 102.28        | -            | 4.80               | -                 |
| Less : Utilised               | (82.37)       | -            | (0.16)             | (0.01)            |
| Less : Unused amount reversed | (2.00)        | -            | (0.30)             | -                 |
| Add: Unwinding of discount    | 1.88          | -            | -                  | -                 |
| <b>As at 31 March 2025</b>    | <b>103.42</b> | <b>14.94</b> | <b>9.65</b>        | <b>-</b>          |
| Non-current (Refer Note 24)   | 23.82         | -            | -                  | -                 |
| Current                       | 79.60         | 14.94        | 9.65               | -                 |

### Note 32a : Current tax liabilities

| ₹ in Crores                                      |                        |                        |
|--------------------------------------------------|------------------------|------------------------|
| Particulars                                      | As at<br>31 March 2025 | As at<br>31 March 2024 |
| Income tax liabilities (net of advance tax paid) | 1.00                   | -                      |
| <b>Total</b>                                     | <b>1.00</b>            | <b>-</b>               |



## Notes to the Consolidated Financial Statements

### Note 33 : Revenue from operations

|                                              |                 | ₹ in Crores     |
|----------------------------------------------|-----------------|-----------------|
| Particulars                                  | 2024-2025       | 2023-2024       |
| <b>Sales and services</b>                    |                 |                 |
| Sale of products                             | 5,344.98        | 5,126.85        |
| Sale of services                             | 169.39          | 149.79          |
| <b>Total sales and services</b>              | <b>5,514.37</b> | <b>5,276.64</b> |
| <b>Income of financial services business</b> | <b>780.42</b>   | <b>564.55</b>   |
| <b>Other operating income</b>                |                 |                 |
| Sale of scrap                                | 24.69           | 24.80           |
| Commission received                          | 3.85            | 3.46            |
| Export incentives                            | 14.61           | 16.11           |
| Sundry credit balances written back          | 0.98            | 0.25            |
| Provisions no longer required written back   | 1.37            | 4.42            |
| Income generated from solar power generation | 7.63            | 6.87            |
| Miscellaneous receipts                       | 1.20            | 1.22            |
| <b>Total other operating income</b>          | <b>54.34</b>    | <b>57.13</b>    |
| <b>Total</b>                                 | <b>6,349.13</b> | <b>5,898.32</b> |

1. Refer Note 44.4.1 & 44.5.17 for accounting policy and additional disclosures.

### Note 34 : Other income

|                                                                                                     |              | ₹ in Crores  |
|-----------------------------------------------------------------------------------------------------|--------------|--------------|
| Particulars                                                                                         | 2024-2025    | 2023-2024    |
| Interest on Income tax and sales tax refund                                                         | 0.00         | 0.04         |
| <b>Interest income on financial assets measured at amortised cost</b>                               |              |              |
| (i) Bank Deposits                                                                                   | 4.18         | 0.21         |
| (ii) Unwinding of interest on security deposit                                                      | 1.02         | 1.34         |
| (iii) Other financial assets                                                                        | 1.47         | 1.30         |
| Dividend income from equity investments designated at fair value through other comprehensive income | 0.00         | 0.00         |
| Net gain on financial assets measured at fair value through profit or loss (unrealised)             | 4.96         | 4.52         |
| Net gain on sale of mutual fund measured at fair value through profit or loss (realised)            | 19.30        | 13.07        |
| Profit on sale of investment                                                                        | 0.63         | -            |
| Net gain on lease modifications                                                                     | 0.53         | 0.20         |
| Rent income                                                                                         | 0.92         | 0.81         |
| Miscellaneous income                                                                                | 13.57        | 7.15         |
| <b>Total</b>                                                                                        | <b>46.58</b> | <b>28.64</b> |

1. Net gain on financial assets measured at fair value through profit or loss relates to the gain arising on fair value restatements of Group's investment in mutual funds at balance sheet dates which are held as current or non-current investments.
2. Refer Note 44.4.1 , 44.5.10 & 44.6.15 for accounting policies and additional disclosures.

### Note 35 : Cost of raw materials and components consumed

|                                       |                 | ₹ in Crores     |
|---------------------------------------|-----------------|-----------------|
| Particulars                           | 2024-2025       | 2023-2024       |
| Raw materials and components consumed | 2,808.73        | 2,731.15        |
| <b>Total</b>                          | <b>2,808.73</b> | <b>2,731.15</b> |

# Notes to the Consolidated Financial Statements

## Note 36 : Purchases of traded goods

₹ in Crores

| Particulars                       | 2024-2025     | 2023-2024     |
|-----------------------------------|---------------|---------------|
| Engines and Gensets               | 236.71        | 256.59        |
| K-Oil                             | 174.57        | 155.83        |
| Alternators, Batteries and Others | 333.02        | 368.42        |
| <b>Total</b>                      | <b>744.30</b> | <b>780.84</b> |

- Refer Note 44.5.11 for accounting policies.

## Note 37 : Changes in inventories of finished goods, work-in-progress and traded goods

₹ in Crores

| Particulars                                       | 2024-2025     | 2023-2024      |
|---------------------------------------------------|---------------|----------------|
| <b>Opening inventories</b>                        |               |                |
| Work-in-progress                                  | 71.83         | 52.47          |
| Finished goods                                    | 113.58        | 111.68         |
| Traded goods                                      | 41.91         | 47.88          |
| <b>Total opening inventories</b>                  | <b>227.32</b> | <b>212.03</b>  |
| <b>Acquisitions through business combinations</b> | <b>-</b>      | <b>0.53</b>    |
| Work-in-progress                                  | -             | 0.53           |
| <b>Closing inventories</b>                        |               |                |
| Work-in-progress                                  | 52.70         | 71.83          |
| Finished goods                                    | 87.78         | 113.58         |
| Traded goods                                      | 47.98         | 41.91          |
| <b>Total closing inventories</b>                  | <b>188.46</b> | <b>227.32</b>  |
| <b>(Increase)/decrease in inventories</b>         | <b>38.86</b>  | <b>(14.76)</b> |

- Refer Note 44.6.17 for additional disclosures.

## Note 38 : Employee benefits expense

₹ in Crores

| Particulars                               | 2024-2025     | 2023-2024     |
|-------------------------------------------|---------------|---------------|
| Salaries, wages, bonus, commission, etc.  | 459.56        | 374.78        |
| Gratuity                                  | 9.06          | 6.88          |
| Contribution to provident and other funds | 22.37         | 17.70         |
| Welfare and training expenses             | 36.56         | 27.04         |
| Provident and other funds expenses        | 0.66          | 0.58          |
| Share based payment to employees          | 9.19          | 3.98          |
| <b>Total</b>                              | <b>537.40</b> | <b>430.96</b> |

- For additional disclosures, refer Note 44.6.7 for gratuity and 44.6.16 for share based payment to employees.

## Note 39 : Finance costs

₹ in Crores

| Particulars                              | 2024-2025     | 2023-2024     |
|------------------------------------------|---------------|---------------|
| Interest and discounting charges         | 17.33         | 11.21         |
| Interest on term loan from banks & NBFCs | 288.11        | 202.59        |
| Interest on lease liabilities            | 3.64          | 1.96          |
| Discount on commercial paper issued      | 22.36         | 9.04          |
| Interest on debt securities              | 123.58        | 89.04         |
| Interest on PTCs issued                  | 9.22          | -             |
| Other finance costs                      | 2.21          | 2.17          |
| Other bank charges                       | 16.52         | 12.87         |
| <b>Total</b>                             | <b>482.97</b> | <b>328.88</b> |

- For additional disclosures, refer Note 44.6.15 for Interest on lease liabilities.

# Notes to the Consolidated Financial Statements

## Note 40 : Depreciation and amortisation expense

₹ in Crores

| Particulars                                   | 2024-2025     | 2023-2024     |
|-----------------------------------------------|---------------|---------------|
| Depreciation on property, plant and equipment | 86.55         | 68.12         |
| Amortisation on intangible assets             | 32.63         | 36.68         |
| Amortisation on right-of-use assets           | 20.61         | 14.00         |
| <b>Total</b>                                  | <b>139.79</b> | <b>118.80</b> |

## Note 41 : Other expenses

₹ in Crores

| Particulars                                                         | 2024-2025       | 2023-2024     |
|---------------------------------------------------------------------|-----------------|---------------|
| <b>Manufacturing expenses</b>                                       |                 |               |
| Stores consumed                                                     | 116.21          | 112.25        |
| Power and fuel                                                      | 37.70           | 37.10         |
| Machinery spares                                                    | 12.84           | 10.81         |
| Repairs to machinery                                                | 15.89           | 14.14         |
| Job work charges                                                    | 67.61           | 68.62         |
| Labour charges                                                      | 56.58           | 53.21         |
| Cost of services                                                    | 117.19          | 113.42        |
| Other manufacturing expenses                                        | 28.07           | 17.67         |
| <b>Total manufacturing expenses</b>                                 | <b>452.09</b>   | <b>427.22</b> |
| <b>Selling expenses</b>                                             |                 |               |
| Commission                                                          | 18.36           | 21.16         |
| Freight and forwarding                                              | 125.81          | 103.40        |
| Warranty                                                            | 100.55          | 71.62         |
| Royalty                                                             | 12.53           | 11.86         |
| Advertisement and publicity                                         | 19.47           | 22.23         |
| Provision for doubtful debts and advances (net)                     | (33.92)         | 1.51          |
| Bad debts and irrecoverable balances written off                    | 0.17            | 9.53          |
| Others selling expenses                                             | 8.42            | 7.42          |
| <b>Total selling expenses</b>                                       | <b>251.39</b>   | <b>248.73</b> |
| <b>Administration expenses</b>                                      |                 |               |
| Rent                                                                | 24.84           | 35.36         |
| Rates and taxes                                                     | 4.72            | 2.88          |
| Insurance                                                           | 4.29            | 3.72          |
| Repairs to building                                                 | 2.39            | 1.70          |
| Other repairs and maintenance                                       | 53.99           | 52.68         |
| Travelling and conveyance                                           | 49.19           | 45.21         |
| Communication expenses                                              | 6.05            | 4.89          |
| Printing and stationery                                             | 2.19            | 1.82          |
| Professional charges                                                | 96.38           | 72.39         |
| Membership and subscription                                         | 0.03            | 0.01          |
| Auditors' remuneration                                              | 1.21            | 1.19          |
| Office expenses                                                     | 0.50            | 0.13          |
| Postage and courier                                                 | 0.03            | 0.01          |
| Donations                                                           | 0.01            | 0.03          |
| Loan processing charges                                             | 4.29            | 3.18          |
| Corporate social responsibility (CSR) expenses                      | 8.94            | 7.01          |
| Non-executive directors' fees and commission                        | 5.62            | 6.57          |
| Miscellaneous expenses                                              | 28.14           | 22.30         |
| Provision for expected credit loss of financial services business   | 53.04           | 25.61         |
| Net (gain)/ loss on assets sold, demolished, discarded and scrapped | (6.13)          | (0.93)        |
| Direct assignment expenses                                          | 3.82            | 2.71          |
| (Gain)/ loss on exchange difference                                 | (1.22)          | (1.96)        |
| <b>Total administration expenses</b>                                | <b>342.32</b>   | <b>286.51</b> |
| <b>Total</b>                                                        | <b>1,045.80</b> | <b>962.46</b> |

# Notes to the Consolidated Financial Statements

## Note 42 : Exceptional items

| Particulars                                                     | ₹ in Crores  |                |
|-----------------------------------------------------------------|--------------|----------------|
|                                                                 | 2024-2025    | 2023-2024      |
| Profit on sale of property, plant and equipment                 | 20.90        | -              |
| Reversal of expected credit loss recorded for investment in AIF | 15.29        | (15.29)        |
| <b>Total</b>                                                    | <b>36.19</b> | <b>(15.29)</b> |

Exceptional Items represents -

- gain on sale of aircraft amounting to ₹ 20.90 Crores. During the year, the Parent Company sold an aircraft that was previously subject to an operating lease agreement. The asset was disposed of for a total consideration of ₹ 21.98 Crores.
- reversal of ₹ 15.29 Crores during the year ended 31 March 2025 against the provision recorded by Arka Fincap Limited during the previous year and outstanding as at 31 March 2024.

Arka Fincap Limited ("AFL") had recorded a provision of ₹ 30.89 crores against its investments in Alternate Investment Funds (AIF) during the quarter ended 31 December 2023 as per RBI circular RBI/2023-24/90 DOR.STR.REC.58/21.04.048/2023-24 dated December 19, 2023. Subsequently during the quarter ended 31 March 2024, AFL reversed ₹ 15.60 crores of provision as per RBI circular RBI/2023-24/140 DOR.STR.REC.85/21.04.048/2023-24 dated March 27, 2024. Further consequent to the sale of its investments in the AIF, AFL had reversed the equivalent provision of ₹ 7.42 Crores during the quarter ended 30 June 2024 and had reversed the entire balance provision of ₹ 7.87 Crores during the quarter ended 30 September 2024 as mentioned above.

## Note 43 : Tax expense

The note below details the major components of income tax expenses for the year ended 31 March 2025 and 31 March 2024. The note further describes the significant estimates made in relation to Group income tax position, and also explains how the income tax expense is impacted by non-assessable and non-deductible items.

### 1. The major components of income tax expenses for the year ended 31 March 2025 and 31 March 2024

| Particulars                                                            | ₹ in Crores   |               |
|------------------------------------------------------------------------|---------------|---------------|
|                                                                        | 2024-2025     | 2023-2024     |
| <b>Current tax</b>                                                     |               |               |
| Current income tax                                                     | 146.49        | 150.24        |
| (Excess)/short provision related to earlier years                      | (0.25)        | -             |
| <b>Total current tax</b>                                               | <b>146.24</b> | <b>150.24</b> |
| <b>Deferred tax</b>                                                    |               |               |
| Relating to origination and reversal or temporary difference           | 29.62         | 5.30          |
| <b>Total deferred tax</b>                                              | <b>29.62</b>  | <b>5.30</b>   |
| <b>Income tax expense reported in the Statement of Profit and Loss</b> | <b>175.86</b> | <b>155.54</b> |

### 2. Deferred tax related to items recognised in OCI during the year

| Particulars                                                                                   | ₹ in Crores   |               |
|-----------------------------------------------------------------------------------------------|---------------|---------------|
|                                                                                               | 2024-2025     | 2023-2024     |
| <b>Deferred tax related to items recognised in Other Comprehensive Income during the year</b> |               |               |
| Net loss/(gain) on actuarial gains and losses                                                 | (1.33)        | (1.09)        |
| Net loss/ (gain) on FVOCI equity instruments                                                  | (0.10)        | 0.02          |
| <b>Deferred tax charged to Other Comprehensive Income</b>                                     | <b>(1.43)</b> | <b>(1.07)</b> |



## Notes to the Consolidated Financial Statements

### Note 43 : Tax expense (Contd..)

3. Significant estimates made in relation to the Group's income tax position and impact of non-assessable and non-deductible items on income tax expense:

Reconciliation of tax expense and the accounting profit multiplied by applicable tax rate as notified under Income Tax Act, 1961 enacted in India for the years ended 31 March 2025 and 31 March 2024 :

#### Current tax

| Particulars                                                                                | ₹ in Crores   |               |
|--------------------------------------------------------------------------------------------|---------------|---------------|
|                                                                                            | 2024-2025     | 2023-2024     |
| Accounting profit before income tax expense                                                | 651.68        | 595.24        |
| Tax at 25.168% (as per rate enacted by Income Tax Act, 1961) ( 31 March 2024 : 25.168 %)   | 164.01        | 149.81        |
| <b>Tax effect of adjustments in calculating taxable income:</b>                            |               |               |
| Corporate Social Responsibility Expenses/Donations (net)/Non deductible expenses           | 3.95          | 1.72          |
| Interest on MSME dues                                                                      | 0.00          | -             |
| Dividend                                                                                   | 0.21          | 0.93          |
| Deductions as per Chapter VI-A                                                             | (1.00)        | -             |
| Permanent allowance against capital gain on sale of land including difference in tax rates | 0.67          | -             |
| Difference in tax rate of foreign subsidiary                                               | 0.68          | 0.36          |
| Non-creation of deferred tax asset on unabsorbed losses                                    | 0.52          | -             |
| Reversal of deferred tax asset on brought forward unabsorbed losses of subsidiary          | 1.65          | -             |
| Tax on forex conversion of foreign subsidiary                                              | (0.08)        | (0.10)        |
| Other Disallowances/(Allowances)                                                           | 2.68          | 2.82          |
| Elimination of NCI                                                                         | 2.55          | -             |
| Tax not applicable on income from United Arab Emirates (UAE)                               | 0.02          | -             |
| <b>Total tax effect of adjustments in calculating taxable income</b>                       | <b>11.85</b>  | <b>5.73</b>   |
| <b>Income tax expense recognised in the Statement of Profit and Loss</b>                   | <b>175.86</b> | <b>155.54</b> |
| <b>Effective Income tax rate</b>                                                           | <b>26.99%</b> | <b>26.13%</b> |

# Notes to the Consolidated Financial Statements

## Note 44 : Notes to and forming part of the Consolidated Financial Statements as at and for the year ended 31 March 2025

### 1 Corporate information

The consolidated financial statements comprise the financial statements of Kirloskar Oil Engines Limited ('the Parent Company') and its subsidiaries (collectively 'the Group'). The Parent Company is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act, 1956 ("the 1956 Act"). The registered office of the Parent Company is located at Laxmanrao Kirloskar Road, Khadki, Pune - 411003 Maharashtra. The equity shares of the Parent Company are listed on two recognised stock exchanges in India i.e. Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

The Group is engaged in the business of manufacturing of diesel engines, agricultural pump sets, electric pump sets, power tiller, generating sets, spares thereof and providing financial services.

During financial year 2015-16, the Parent Company had invested in 50 equity shares amounting to \$ 250,000 in Kirloskar Americas Corporation, incorporated under State of Delaware laws, United States of America and based in Houston, Texas. With effect from 23 June 2015, Kirloskar Americas Corporation is wholly owned subsidiary of the Parent Company.

On 29 November 2023, Kirloskar Americas Corporation has acquired 51% membership interest in Engines LPG, LLC dba Wildcat Power Gen, USA ("Engines LPG LLC"), from one of its existing member Yanbas, LLC, in exchange for approximate cash consideration of \$ 357,000. Consequent to the said acquisition, Engines LPG LLC has become a subsidiary of the Kirloskar Americas Corporation with effect from 29 November 2023.

The Parent Company has incorporated Kirloskar International ME FZE as a wholly owned subsidiary company w.e.f. 7 January 2025

During financial year 2017-18, the Parent Company has invested ₹ 253.78 Crores in La-Gajjar Machineries Private Limited to acquire 76% shares in its equity from its promoters. With effect from 1 August 2017, La-Gajjar Machineries Private Limited was subsidiary of the Parent Company. On 26 September 2022, the Parent Company had acquired remaining 24% stake for ₹ 109.36 Crores. Consequent to the acquisition, LGM has become a wholly owned subsidiary of the Parent Company.

During financial year 2020-21, the Parent Company has also invested ₹ 8.50 Crores in 85,00,000 shares (₹ 10 per share) towards 8% cumulative redeemable preference shares of La-Gajjar Machineries Private Limited (LGM). During the financial year 2022-23, the Parent Company further invested ₹ 40 crores in 4,00,00,000 shares (₹ 10 per share) towards 8.25% cumulative redeemable preference shares.

Arka Fincap Limited is registered as a non-banking financial institution and has obtained certificate of registration from Reserve Bank of India bearing no. N-13.02282 dated 29 October 2018 in pursuance of Section 45-IA of the Reserve Bank of India Act, 1934. With effect from 20 April 2018, Arka Fincap Limited was a 100% subsidiary of the Parent Company. During the financial year 2018-19 onwards upto 2021-22, the Parent Company had invested amount aggregating to ₹ 701.32 Crores and in Arka Fincap Limited (formerly known as Kirloskar Capital Limited).

From the financial year 2021-22 onwards upto 2024-25, the Parent Company had invested in paid up capital of ₹ 1,052.65 Crores towards the Rights Issue of equity shares having face value of ₹ 10 each of Arka Financial Holdings Private Limited ('AFHPL' - a wholly owned subsidiary) as per payment terms covered in the Letter of Offer issued by AFHPL to the Parent Company.

During the financial year 2021-22, the Parent Company had transferred 68,09,02,231 fully paid-up equity shares having face value of ₹ 10/- each of Arka Fincap Limited (AFL, a subsidiary company) to Arka Financial Holding Private Limited (AFHPL), a wholly owned subsidiary at ₹ 753.96 Crores. Accordingly, AFHPL is holding 99.998% of AFL. As such AFL is subsidiary of AFHPL and continues to be a step-down subsidiary instead of subsidiary of the Parent Company w.e.f 4 March 2022.

During the financial year 2021-22, AFHPL had incorporated a new company viz., "Arka Investment Advisory Services Private Limited" (AIASPL) being a wholly owned subsidiary of AFHPL. AIASPL is engaged in business activities to act as Investment Manager for the purpose of management of funds and undertaking advisory business. As such AIASPL is a wholly owned subsidiary of AFHPL and is step-down subsidiary of the Parent Company.

During the financial year 2020-21, the La-Gajjar Machineries Private Limited had invested ₹ 8.50 Crores in Optiqua Pipes and Electricals Private Limited to acquire cables and pipes business of Optiflex Industries (a partnership firm). With this, Optiqua Pipes and Electricals Private Limited became a wholly owned subsidiary of La-Gajjar Machineries Private Limited w.e.f. 19 February 2021.

During FY 2023-24, pursuant to the approval of Scheme of Amalgamation by the Board, Shareholders and Creditors and Statutory and Regulatory authorities, OPEPL amalgamated with LGM and accordingly, OPEPL ceased to be the wholly owned subsidiary of LGM. Further ESVA Pumps India Private Limited (ESVA) is a Joint Venture (JV) formed on 4 October 2021 between Mr. V Bharanitharan (25.5%), Mrs. C Shanthi (25.5%) and Optiqua Pipes and Electricals Private Limited (49%). Consequent to the aforesaid Scheme, OPEPL's interest of 49% in ESVA was transferred to LGM.

# Notes to the Consolidated Financial Statements

The Board of Directors of the subsidiary company viz. La-Gajjar Machineries Private Limited (LGM) in its meeting held on 30 August 2024 approved the participation for the buyback offer of 22,38,506 fully paid-up equity shares at a price of ₹ 13 per equity share (Face Value of ₹ 10 per share) of ESVA Pumps India Private Limited (ESVA) to the extent of the LGM's entitlement and equity shares renounced by other shareholders of ESVA, as per the terms and conditions mentioned in the 'Letter of Offer' dated 28 August 2024 issued by ESVA to LGM. Accordingly, 22,38,506 fully paid-up equity shares were bought back by ESVA from LGM and the consideration amount of ₹ 2.91 crores was received by LGM on 6 September 2024.

Further the Board of Directors of LGM in its meeting held on 28 September 2024 approved the termination of Joint Venture arrangement with ESVA Pumps India Private Limited. Pursuant to the Joint Venture Termination Agreement balance stake held by LGM in ESVA was sold to the Promoters of ESVA for consideration amounting to ₹ 3.69 crores on 30 September 2024. Consequentially, the aforesaid Joint Venture arrangement has been terminated w.e.f. 28 September 2024 and ESVA ceased to be a Joint venture of LGM and accordingly of the Parent Company thereafter.

The Parent Company has incorporated Kirloskar International ME FZE as a wholly owned subsidiary company w.e.f. 7 January 2025 in Jebel Ali Free Zone, United Arab Emirates (UAE). The Board of Directors of the Parent Company have decided to keep the initial investment upto ₹ 1.50 Crores.

## 2 Basis of preparation of Consolidated Financial Statements

The Group's consolidated financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards ('Ind AS') as issued under the Companies (Indian Accounting Standards) Rules, 2015 and amendments thereof issued by the Ministry of Corporate Affairs in exercise of the powers conferred by section 133 read with rule 7 of the Companies (Accounts) Rules, 2014. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) and the guidelines issued by the Securities and Exchange Board of India are also applied.

The consolidated financial statements have been prepared on accrual basis following historical cost convention, except for,

- (i) certain financial assets and financial liabilities that are measured at fair value or amortised cost in accordance with Ind AS.
- (ii) defined benefit plans - plan assets measured at fair value.
- (iii) equity settled share based payments measured at grant date fair value.

Amounts in the consolidated financial statements are presented in Indian Rupees in Crores rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013 unless otherwise stated.

The consolidated financial statements were approved by the Board of Directors and authorized for issue on 14 May 2025

## 3 Basis of consolidation

### (i) Basis of accounting and preparation of the consolidated financial statements

The consolidated financial statements of the Group have been prepared in accordance with the Indian Accounting Standards ('Ind AS') to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 ('the 2013 Act') and the relevant provisions of the 1956 Act / 2013 Act, including rules thereunder as applicable and guidelines issued by Securities and Exchange Board of India ('SEBI'). The accounting policies adopted in the preparation of the consolidated financial statements are consistent. All assets and liabilities have been classified as Current or Non-current as per the respective Company's normal operating cycle and other criteria set out in Schedule III to the 2013 Act.

### (ii) Principles of consolidation

The consolidated financial statements have been prepared on the following basis:

- a. The financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under the Ind AS 110, "Consolidated Financial Statements".
- b. The financial statements of the Parent Company and its subsidiary companies have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra Group balances and intra group transactions and resulting unrealised profit or losses, unless cost cannot be recovered, as per the applicable Accounting Standard in India.
- c. When the subsidiary company has with other entities, joint control of the arrangement and rights to the net assets of the joint arrangement, it recognises its interest as joint venture. The results, assets and liabilities of joint ventures are incorporated in the consolidated financial statements using equity method of accounting after making necessary adjustments in application of accounting policies. The unrealised profits/losses on transactions with joint ventures are eliminated by reducing the carrying amount of investment. The carrying amount of investment in joint ventures is reduced to recognise impairment, if any.

## Notes to the Consolidated Financial Statements

When the subsidiary's share of losses of a joint venture exceeds the subsidiary's interest in that joint venture, the Parent Company discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the subsidiary has incurred legal or constructive obligations or made payments on behalf of the joint venture.

d. The consolidated financial statements are presented, to the extent applicable, in accordance with the requirements of Schedule III of the 2013 Act as applicable to the Group's separate financial statements. Differences if any, in accounting policies have been disclosed separately.

e. Particulars of subsidiaries have been considered in the preparation of the consolidated financial statements:

| Name of the Company                              | Country of incorporation | % of Shareholding of Kirloskar Oil Engines Ltd. | Consolidated as |
|--------------------------------------------------|--------------------------|-------------------------------------------------|-----------------|
| *Kirloskar Americas Corporation                  | United States of America | 100%                                            | Subsidiary      |
| *La-Gajjar Machineries Private Limited           | India                    | 100%                                            | Subsidiary      |
| *Arka Financial Holdings Private Limited (AFHPL) | India                    | 100%                                            | Subsidiary      |
| *Kirloskar International ME FZE                  | UAE                      | NA                                              | Subsidiary      |

\*On consolidated basis. Also refer notes forming part of Note 44.6.21

f. The accounting policies of the Parent Company are best viewed in its independent financial statements. Differences in accounting policies followed by the Kirloskar Americas Corporation, La-Gajjar Machineries Private Limited, Arka Financial Holding Private Limited and Kirloskar International ME FZE have been reviewed and no adjustments have been made, since the impact if any of these differences is not significant.

evaluation of such criteria for non-enforceability of a contract involves significant judgement.

### Capital work-in-progress

Project is construed as smallest group of assets having a common intended use. For e.g., Group of assets in an integrated plant is treated as one project. The identification of project requires judgement and management identifies project based on facts of each case. Project identification is consistent with how management identifies and monitors progress on group of assets internally.

### Revenue recognition

The Group recognises revenue for each performance obligation either at a point in time or over a time. In case performance obligation is satisfied over a time, the output method is used to determine the revenue since it is faithfully depicting the Group's performance towards complete satisfaction of performance obligation. Practical expedient of "right to consideration" is also considered while recognizing revenue in the amount to which the entity has right to invoice.

In case performance obligation is satisfied at a point in time, the Group generally recognises revenue when the control is transferred i.e. in case of goods either on shipment or upon delivery in domestic and on bill of lading date in case of export. In case of services, the revenue is recognised based on completion of distinct performance obligation. Refer material accounting policy Note 44.5.17 on revenue recognition for information about methods, input and assumptions w.r.t transaction price and variable consideration.

### Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of acquisition date fair values of the

## 4 Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures and 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. The Group continually evaluates these estimates and assumptions based on the most recently available information. The management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable.

### 4.1 Judgements

In the process of applying the Group's accounting policies, the management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

#### Leases

The Group has applied provisions of Ind AS 116 effective 1 April 2019. The said standard provides for certain recognition exemptions for short term leases as well as provides for certain criteria when the lease contracts are non-enforceable. The determination of lease term for the purpose of availing such exemptions and



## Notes to the Consolidated Financial Statements

assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in the Statement of Profit and Loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity of subsidiaries.

The cost of an acquisition also includes the estimated fair value of any contingent consideration measured as at the date of acquisition. This measurement is based on information available at the acquisition date and is based on expectations and assumptions that have been deemed reasonable by management. Any subsequent changes to the fair value of contingent consideration classified as liabilities, other than measurement period adjustments, are recognised in the consolidated Statement of Profit and Loss.

Business Combinations arising from transfers of interests in entities that are under the common control are accounted at historical cost. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in shareholders' equity.

Acquisition of some or all of the non-controlling interest ('NCI') is accounted for as a transaction with equity holders in their capacity as equity holders. Consequently, the difference arising between the fair value of the purchase consideration paid and the carrying value of the NCI is recorded as an adjustment to retained earnings that is attributable to the Parent Company. The associated cash flows are classified as financing activities. No goodwill is recognised as a result of such transactions.

### 4.2 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 information available till the date of approval of consolidated financials statements. The estimates and assumptions used, however may change based on future developments, due to market environment or due to circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions and estimates when they occur.

#### Defined benefit plans

The cost of the defined benefit plans and other post-employment benefits and the present value of the obligation are determined using actuarial valuation. 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, mortality rates and future post-retirement medical benefit increase. 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 most sensitive parameter is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

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 are mainly based on expected future inflation rates for the country.

Further details about defined benefit obligations are provided in Note 44.6.7

#### Development costs

The Group capitalises development costs for a project in accordance with its accounting policy. Initially, capitalisation of costs is based on management's judgement that the technological and economic feasibility is confirmed when a product development project has reached a defined milestone, according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project and the expected period of benefits.

# Notes to the Consolidated Financial Statements

For further details about the carrying amount of development costs capitalised as Internally generated intangible assets and as intangible assets under development, Refer Note 2.

## Warranty

The Group recognises provision for warranties in respect of the products that it sells. The estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidences based on actions on product failures.

## Deferred tax

Deferred tax assets are recognised for all deductible temporary differences including 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.

## Impairment of goodwill recognised under Business Combination

The Parent Company estimates whether goodwill accounted under business combination has suffered any impairment on annual basis. For this purpose, the recoverable amount of the CGU was determined based on value in use calculations which require the use of assumptions.

## 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. The assumptions and models used for estimating fair value for share based payment transactions are disclosed in Note 44.6.16.

## 5 Material accounting policies

### 5.1 Current vs. Non-current classification

The Group presents assets and liabilities in the Balance Sheet based on Current/Non-current classification.

#### An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle or
- Held primarily for the purpose of trading or
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as Non-current.

#### A liability is treated as current when it is:

- Expected to be settled in normal operating cycle or
- Held primarily for the purpose of trading or
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are treated as Non-current.

Deferred tax assets and liabilities are classified as Non-current assets and liabilities.

The Group classifies all other liabilities as Non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

### 5.2 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account 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 data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the 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:

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- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value.

External valuation experts are involved for valuation of significant assets and liabilities. Involvement of external valuation experts is decided upon annually by the management.

Methods and assumptions used to estimate the fair values are consistently followed.



### 5.3 Property, plant and equipment

- a Property, plant and equipment; and capital work in progress are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any other than those acquired in a business combination. Cost represents all expenses directly attributable to bringing the asset to its working condition capable of operating in the manner intended. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term

construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the Property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred.

- b Capital work-in-progress comprises cost of Property, plant and equipment that are not yet installed and ready for their intended use at the Balance Sheet date.
- c Own manufactured assets are capitalised at cost including an appropriate share of allocable expenses.
- d Project is construed as smallest group of assets having a common intended use. Group of assets in an integrated plant is treated as one project. Project identification is consistent with how management identifies and monitors progress on group of assets internally.
- e When temporary suspension is a necessary part of the process of getting an asset ready for its intended use, the project is not considered to have been temporarily suspended and the CWIP related to such projects should continue to be presented under 'Projects in progress'.

#### Depreciation and Amortisation

The Group charges depreciation on the basis of useful life of assets on straight line method.

Useful life of assets considered as follows:

| Asset category                                           | Life (in years) | Basis for useful life                                                                             |
|----------------------------------------------------------|-----------------|---------------------------------------------------------------------------------------------------|
| <b>Factory buildings</b>                                 | 30              | Life as prescribed under Schedule II of the Companies Act, 2013                                   |
| <b>Building- Non factory</b>                             |                 |                                                                                                   |
| RCC Frame Structure                                      | 60              |                                                                                                   |
| *Other than RCC Frame Structure                          | 30              |                                                                                                   |
| Fence, Wells, Tube wells                                 | 5               |                                                                                                   |
| <b>Building – Roads</b>                                  |                 |                                                                                                   |
| Carpeted Roads- RCC                                      | 10              |                                                                                                   |
| Carpeted Roads- Other than RCC                           | 5               | Useful life based on Number of Shifts as prescribed under Schedule II of the Companies Act, 2013  |
| Non Carpeted Roads                                       | 3               |                                                                                                   |
| <b>Building - Temporary shed</b>                         | 3               | Lower useful life considered based on past history of usage and supported by Technical Evaluation |
| <b>*Plant &amp; Equipment other than Pattern Tooling</b> | 7.5 to 15       |                                                                                                   |
| <b>Plant &amp; Equipment - Pattern tooling</b>           | 4 to 15         |                                                                                                   |

## Notes to the Consolidated Financial Statements

| Asset category                                                          | Life (in years) | Basis for useful life                                                                              |
|-------------------------------------------------------------------------|-----------------|----------------------------------------------------------------------------------------------------|
| <b>*Solar Power Plant</b>                                               | 25              | Higher useful life considered supported by technical evaluation                                    |
| <b>Computers</b>                                                        |                 |                                                                                                    |
| Network                                                                 | 6               | Life as prescribed under Schedule II of the Companies Act, 2013                                    |
| End user devices, such as, desktops, etc.                               | 3               |                                                                                                    |
| *Laptops                                                                | 3 to 5          | Higher useful life considered based on past history of usage and supported by technical evaluation |
| Servers                                                                 | 4 to 6          | Lower useful life considered based on past history of usage and supported by Technical Evaluation  |
| <b>Electrical Installations</b>                                         | 10              | Life as prescribed under Schedule II of the Companies Act, 2013                                    |
| <b>*Furniture &amp; Fixture</b>                                         |                 |                                                                                                    |
| Furniture, Fixtures and Electrical Fittings                             | 10              | Life as prescribed under Schedule II of the Companies Act, 2013                                    |
| Furniture , AC , Refrigerators and Water coolers - Residential Premises | 4               | Lower useful life considered based on past history of usage and supported by Technical Evaluation  |
| AC, Refrigerators and Water coolers - Company and Guest House Premises  | 5               | Lower useful life considered based on past history of usage and supported by Technical Evaluation  |
| <b>Office Equipment</b>                                                 | 3 to 10         | Lower useful life considered based on past history of usage and supported by Technical Evaluation  |
| <b>*Vehicles</b>                                                        |                 |                                                                                                    |
| Motorcars, Jeep                                                         | 5 to 8          | Lower useful life considered based on past history of usage and supported by Technical Evaluation  |
| Trucks                                                                  | 5               |                                                                                                    |
| Other Vehicles                                                          | 5 to 10         |                                                                                                    |
| <b>*Aircrafts</b>                                                       | 15              | Lower useful life considered based on past history of usage and supported by Technical Evaluation  |

- Used assets obtained under Business Combination are measured based on their remaining useful life as on the date of acquisition.
- Depreciation on additions is provided from the beginning of the month in which the asset is added.
- Depreciation on assets sold, discarded or demolished during the year is being provided at their respective rates on pro-rata basis up to the end of the month prior to the month in which such assets are sold, discarded or demolished.
- Foreign exchange fluctuation gain/ loss on imported plant and equipment were capitalized in the cost of the respective fixed asset up to transition date of Ind AS. Depreciation on such additions is provided over the remaining useful life of the underlying plant and equipment.

\*The Group, based on technical assessments made by technical experts and management estimates depreciates certain items of plant and equipment; building; computers; furniture and fixtures; vehicles and aircraft over estimated useful lives which are different from the useful

life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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.

### 5.4 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 are recorded at the consideration paid for acquisition. In case of internally generated intangible assets, expenditure incurred in development



## Notes to the Consolidated Financial Statements

phase, where it is reasonably certain that the outcome of development will be commercially exploited to yield future economic benefits to the Group, is considered as an intangible asset. Such developmental expenditure is capitalized at cost including a share of allocable expenses. Other internally generated intangibles are not capitalised and the related expenditure is reflected in the Statement of Profit and Loss for the period in which expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. The amortisation period and 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 are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with finite useful lives are amortised by using straight line method over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

| Sr No. | Asset category                           | Life (in years) |
|--------|------------------------------------------|-----------------|
| 1      | Computer Software                        | 3 to 5          |
| 2      | Drawings & Designs                       | 10              |
| 3      | Technical Knowhow - acquired             | 6 to 7          |
| 4      | Technical Knowhow - Internally generated | 3 to 5          |
| 5      | Brand                                    | 10 to 15        |
| 6      | Customer Relationship                    | 5               |

Intangible assets with indefinite useful lives, if any are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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.

Intangible assets are recorded at the consideration paid for acquisition. In case of internally generated intangible assets, expenditure incurred in development phase, where it is reasonably certain that the outcome of development will be commercially exploited to yield future economic benefits to the Group, is considered as an intangible asset. Such developmental

expenditure is capitalized at cost including a share of allocable expenses.

Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "Intangible assets under development".

### 5.5 Borrowing costs

Borrowing Costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised till the month in which the asset is ready to use, as part of the cost of that asset. Other borrowing costs are recognised as expenses in the period in which these are incurred.

### 5.6 Impairment of Non financial assets

The Group assesses at each Balance Sheet date whether there is any indication due to internal or external factors that an asset or a group of assets comprising a Cash Generating Unit (CGU) may be impaired. If any such indication exists, the Group estimates the recoverable amount of the assets. If such recoverable amount of the assets or the recoverable amount of the CGU to which the asset belongs is less than the carrying amount of the assets or the CGU as the case may be, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss account. If at any subsequent Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at recoverable amount subject to a maximum of depreciated historical cost and is accordingly reversed in the Statement of Profit and Loss account. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognised or relates to a change in the estimate of the recoverable amount in the previous periods.

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.

### 5.7 Financial instruments – initial recognition and subsequent measurement

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. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

#### a Financial assets

##### i 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

# Notes to the Consolidated Financial Statements

fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets. However, trade receivable that do not contain a significant financing component are measured at transaction price.

## ii Subsequent measurement of financial assets

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost
- Financial assets at fair value through Other comprehensive income (FVOCI)
- Financial assets at fair value through profit or loss (FVTPL)

### - Financial assets at amortised cost :

#### A financial asset is measured at amortised cost if:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category is most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost by applying the effective interest rate ('EIR'). The amortised cost is calculated by taking into account any premium or discount on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

### - Financial assets at fair value through Other comprehensive income

A financial asset is measured at fair value through Other comprehensive income if:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets, until they are derecognised or reclassified, are subsequently measured at fair value with unrealised gains or losses recognised in Other comprehensive income except for interest income, impairment gains or losses and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss.

### - Financial assets at fair value through profit or loss

A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through Other comprehensive income.

Investments in equity instruments are classified as at FVTPL, unless the related instruments are not held for trading and the Group irrevocably elects on initial recognition to present subsequent changes in fair value in Other comprehensive income.

In addition, the Group may elect to classify a financial asset, which otherwise meets amortised cost or fair value through Other comprehensive income criteria, as at fair value through profit or loss. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

After initial measurement, such financial assets are subsequently measured at fair value with unrealised gains or losses recognised in the Statement of Profit and Loss.

## iii Derecognition of financial assets

A financial asset is derecognised when:

- the contractual rights to the cash flows from the financial asset expire,
- or
- The Group has transferred its contractual 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 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

## Notes to the Consolidated Financial Statements

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.

#### iv Reclassification of financial assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are

equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassifications and how they are accounted for:

| Original classification | Revised classification | Accounting treatment                                                                                                                                                                                                                                 |
|-------------------------|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Amortised cost          | FVTPL                  | Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in the Statement of Profit and Loss.                                                                                        |
| FVTPL                   | Amortised cost         | Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.                                                                                                                 |
| Amortised cost          | FVOCI                  | Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in other comprehensive income ('OCI'). No change in EIR due to reclassification.                                            |
| FVOCI                   | Amortised cost         | Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost. |
| FVTPL                   | FVOCI                  | Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.                                                                                                                                                |
| FVOCI                   | FVTPL                  | Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to Statement of Profit and Loss at the reclassification date.                                                                     |

#### v 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.
- Financial assets that are debt instruments and are measured as at FVOCI
- Lease receivables under Ind AS 116
- Trade receivables under Ind AS 115

The Group follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables resulting from transactions within the scope of Ind-AS 115, if they do not contain a significant financing component
- Trade receivables or contract assets resulting from transactions within the scope of Ind AS 115 that contain a significant financing component, if the Group applies practical expedient to ignore separation of time value of money, and
- All lease receivables resulting from transactions within the scope of Ind AS 116

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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.

For the computation of ECL on the financial instruments in the Group namely Arka Fincap Limited (NBFC), the financial instruments are categorised as below:

Stage 1: All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The step-down subsidiary company classifies all advances upto 30 days overdue under this category.

Stage 2: All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. Exposures are classified as Stage 2 when the amount is due for more than 30 days but do not exceed 90 days.

Stage 3: All exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. Exposures where the amount remains due for 90 days or more are considered as to be stage 3 assets.

The step-down subsidiary company (NBFC) undertakes the classification of exposures within the aforesaid stages at each borrower account level.

**The mechanics of the ECL calculations are outlined below and the key elements are as follows:**

**Exposure-At-Default (EAD):** The Exposure at Default is the amount the step-down subsidiary company is entitled to receive as on reporting date including repayments due for principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities

**Probability of Default (PD):** The Probability of Default is an estimate of the likelihood of default of the exposure over a given time horizon.

**Loss Given Default (LGD):** The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

The ECL allowance is applied on the financial instruments depending upon the classification of the financial instruments as per the credit risk involved. ECL allowance is computed on the below mentioned basis:

**12-month ECL:** 12-month ECL is the portion of Lifetime ECL that represents the ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. 12-month ECL is applied on stage 1 assets.

**Lifetime ECL:** Lifetime ECL for credit losses expected to arise over the life of the asset in cases of credit impaired loans and in case of financial instruments where there has been significant increase in credit risk since origination. Lifetime ECL is the expected credit loss resulting from all possible default events over the expected life of a financial instrument. Lifetime ECL is applied on stage 2 and stage 3 assets.

For the financial services business, ECL allowance is computed on individual basis based on type of asset/exposure and nature of collateral.

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 Group 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 (including prepayment, extension, call and similar options) 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 Group 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.

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 in a separate line in the Statement of Profit and Loss as an impairment gain or loss. The Balance Sheet presentation for various financial instruments is described below:



# Notes to the Consolidated Financial Statements

- Financial assets measured as at amortised cost, contract assets and lease 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 derecognise impairment allowance from the gross carrying amount.
- Loan commitments: ECL is presented as a provision in the Balance Sheet, i.e. as a liability.

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

### i Initial recognition and measurement of financial liabilities

All financial liabilities are recognised initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are attributable to the issue of the financial liabilities.

### ii Subsequent measurement of financial liabilities

For purposes of subsequent measurement, financial liabilities are classified and measured as follows:

- **Financial liabilities at fair value through profit or loss**  
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. 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 upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only 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. The Group has not designated any financial liability as at fair value through profit and loss.

### - Loans and borrowings at amortised cost

This is the category most relevant to the Group. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the 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.

### iii Derecognition of financial liabilities

A financial liability (or a part of a financial liability) is derecognised from its 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 liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counter party.

## 5.8 Derivatives

The Group uses derivative contracts to hedge its exposure against movements in foreign exchange rates. The use of derivative contracts is intended to reduce the risk or cost to the Group. Derivative contracts are not used for trading or speculation purpose.

## Notes to the Consolidated Financial Statements

All derivatives are measured at fair value through the profit or loss unless they form part of a qualifying cash flow hedge, in which case the fair value is taken to reserves and released into the Statement of Profit and Loss at the same time as the risks on the hedged instrument are recognised therein. Any hedge ineffectiveness will result in the relevant proportion of the fair value remaining in the Statement of Profit and Loss. Fair values are derived primarily from discounted cashflow models, option pricing models and from third party quotes. Derivatives are carried as assets when their fair values are positive and as liabilities when their fair values are negative. All hedging activity is explicitly identified and documented by the Group.

### 5.9 Foreign currency transactions

#### a Initial recognition

Foreign currency transactions are recorded in Indian currency, by applying the exchange rate between the Indian currency and the foreign currency at the date of the transaction.

#### b Conversion

Current assets and current liabilities, secured loans, being monetary items, designated in foreign currencies are revalored at the rate prevailing on the date of Balance Sheet or forward contract rate or other appropriate rate.

#### c Exchange differences

Exchange differences arising on the settlement and conversion of foreign currency transactions are recognised as income or as expenses in the year in which they arise, except in cases where they relate to the acquisition of qualifying assets, in which cases they were adjusted in the cost of the corresponding asset. Further, as per extant circulars issued by the Ministry of Corporate Affairs, eligible exchange difference on foreign currency loans utilized for acquisition of assets, was adjusted in the cost of the asset to be depreciated over the balance life of the asset up to transition date of Ind AS.

### 5.10 Leases

Lease is a contract that provides to the customer (lessee) the right to use an asset for a period of time in exchange for consideration.

#### a Where the Group is a lessee

A lessee is required to recognise assets and liabilities for all leases and to recognise depreciation of leased assets separately from interest on lease liabilities in the Statement of Profit and Loss. The Group uses the practical expedient to apply the requirements of this standard to a portfolio of leases with similar characteristics if the effects on the financial

statements of applying to the portfolio does not differ materially from applying the requirement to the individual leases within that portfolio.

However, when the lessee and the lessor each have the right to terminate the lease without permission from the other party with no more than an insignificant penalty the Group considers that lease to be no longer enforceable. Also according to Ind AS 116, for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value, the lessee is not required to recognize right-of-use asset and a lease liability. The Group applies both recognition exemptions. The lease payments associated with those leases are generally recognised as an expense on a straight-line basis over the lease term or another systematic basis if appropriate.

#### Right-of-use assets

Right-of-use assets, which are included under Property, plant and equipment, are measured at cost less any accumulated depreciation and, if necessary, any accumulated impairment. The cost of a right-of-use asset comprises the present value of the outstanding lease payments plus any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset. In this context, the Group also applies the practical expedient that the payments for non-lease components are generally recognised as lease payments. If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated to the end of the lease term.

#### Lease liabilities

Lease liabilities, which are assigned to financing liabilities, are measured initially at the present value of the lease payments. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

#### Lease modification

For a lease modification that is not accounted for as a separate lease, the group accounts for the re-measurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

## Notes to the Consolidated Financial Statements

### b Where the Group is a 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. Where the Group is a lessor under an operating lease, the asset is capitalised within Property, plant and equipment and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the term of the lease.

### 5.11 Inventories

- a Raw materials, components, stores and spares are valued at cost or net realisable value whichever is lower. Cost includes all cost of purchase and incidental expenses incurred in bringing the inventories to their present location and condition.
- b Work-in-progress including finished components and finished goods are valued at cost or realisable value whichever is lower. Cost includes direct materials, labour costs and a proportion of manufacturing overheads based on the normal operating capacity.
- c Materials-in-transit and materials in bonded warehouse are valued at actual cost incurred up to the date of Balance Sheet.
- d Unserviceable, damaged and obsolete inventory is valued at cost or net realisable value whichever is lower.
- e Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.
- f Traded Goods includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

### 5.12 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash which are subject to an insignificant risk of changes in value. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

### 5.13 Taxes

#### Current income tax

Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities; on the basis of the taxable profits computed for the current accounting period in accordance with Income Tax Act, 1961. 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 in Other comprehensive income or directly in equity is recognised in Other comprehensive income ('OCI') or in equity, respectively, and not in the Statement of Profit and Loss. The 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 provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax 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;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, 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 including, 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 arrangements, 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.

## Notes to the Consolidated Financial Statements

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 the Statement of Profit and Loss is recognised outside the profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in Other comprehensive income 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 entity and the same taxation authority.

### Sales tax / Goods and Services tax ("GST")

Expenses and assets are recognised net of the amount of sales tax / GST, except:

- When the sales tax/GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax/GST is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax/GST included

The net amount of sales tax/GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

### 5.14 Non-current assets held for sale and discontinuing operations

#### a Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. This condition is regarded as met only when the sale is highly probable and the asset

or disposal group is available for immediate use in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

#### b Discontinuing operations

Discontinuing operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Statement of Profit and Loss account.

Assets and liabilities classified as held for distribution are presented separately from others assets and liabilities in the Balance Sheet.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- i Represents a separate major line of business or geographical area of operations,
- ii Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations
- or
- iii Is a subsidiary acquired exclusively with a view to resale

An entity does not depreciate (or amortise) a non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale.

### 5.15 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. Such benefits include salaries, wages, bonus, short term compensated absences, awards, exgratia, performance pay etc. and are recognised in the period in which the employee renders the related service.

#### b Post-employment benefits

##### i Defined contribution plan

The Group makes payment to approved superannuation schemes, state government provident fund scheme and employee state insurance scheme which are defined contribution plans. The contribution paid/payable under the schemes is recognised in the Statement of Profit



# Notes to the Consolidated Financial Statements

and Loss during the period in which the employee renders the related service. The Group has no further obligations under these schemes beyond its periodic contributions.

## ii Defined benefit plan

The employee's gratuity fund scheme, pension, post-retirement medical and long term service award benefit schemes are Group's defined benefit plans. The present value of the obligation 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. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on a net basis.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the Statement of Profit or Loss in subsequent periods.

Past service costs are recognised in the Statement of Profit and Loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

## c Other long term employment benefits

The employee's long term compensated absences are Group's other long term benefit plans. The present value of the obligation is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance Sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation, to recognise the obligation on a net basis.

In regard to other long term employment benefits, the Group recognises the net total of service costs; net interest on the net defined benefit liability (asset); and remeasurements of the net defined benefit liability (asset) in the Statement of Profit and Loss.

## d Termination benefits

Termination benefits such as compensation under voluntary retirement scheme are recognised in the Statement of Profit and Loss in the year in which termination benefits become payable or when the Group determines that it can no longer withdraw the offer of those benefits, whichever is earlier.

## 5.16 Provisions, contingencies and commitments

Necessary provisions are made for the present obligations that arise out of past events entailing future outflow of economic resources. Such provisions reflect best estimates based on available information.

However a disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Commitments are future liabilities for contractual expenditure, classified and disclosed as estimated amount of contracts remaining to be extracted on capital account and not provided for.

### Onerous contracts

A contract is considered to be onerous when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least of net cost of exiting from the contract, the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

Commitments are future liabilities for contractual expenditure, classified and disclosed as estimated amount of contracts remaining to be extracted on capital account and not provided for.

## 5.17 Revenue recognition

### Revenue from operations

#### a Sale of goods and services:

The Group recognises revenue, when or as control over distinct goods or services is transferred to the customer; i.e. when the customer is able to direct the use of the transferred goods or rendering of services and obtains substantially all of the remaining benefits, provided a contract

# Notes to the Consolidated Financial Statements

with enforceable rights and obligations exists and amongst others collectability of consideration is probable taking into account our customer's creditworthiness.

Revenue is the transaction price the Group expects to be entitled to. Variable consideration is included in the transaction price if it is highly probable that a significant reversal of revenue will not occur once associated uncertainties are resolved.

The variable consideration is constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when any uncertainty is subsequently resolved. The amount of variable consideration is calculated by either using the expected value or the most likely amount depending on which it is expected to better predict the amount of variable consideration.

Consideration is adjusted for the time value of money if the period between the transfer of goods or services and the receipt of payment exceeds twelve months and there is a significant financing benefit either to the customer or the group. 

Performance obligations are identified based on individual terms of contract. If a contract contains more than one distinct good or service, the transaction price is allocated to each performance obligation based on relative stand-alone selling prices. The Group reasonably estimates the standalone selling prices if such prices are not observable. For each performance obligations identified as above, the revenue is recognised either at a point in time or over time. When the Group's efforts or inputs are expended evenly throughout the performance period revenue is recognised on straight line basis over time.

The incremental cost to obtain a contract are recognised as an asset if the Group expects to recover those cost over the period of contract. The Group recognises the incremental costs of obtaining a contract as an expense, when incurred, if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

Customer reward points by one of subsidiary provide a material right to customers that they would not have received had they not entered into the contract. Thus, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the reward points on the basis of relative standalone selling price. Management

estimates the standalone selling price per reward point on the basis of the benefits passed on to the customer and on the basis of the likelihood of redemption, based on past experience.

The Group provides retrospective volume rebates to certain customers once the quantity of products purchased by them during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer and are reduced from revenue.

## b Recognition of Interest income of financial services business

Interest income is recorded using the effective interest rate ('EIR') method for all financial instruments measured at amortised cost. The EIR for the amortised cost asset is calculated by taking into account any discount or premium on acquisition, origination/processing fee and transaction costs that are an integral part of the EIR. The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets.

## c Recognition of origination fees or processing fees income of financial service business

Origination fees, which the step-down subsidiary company Arka Fincap Limited has received/recovered at time of granting of a loan, is considered as a component for computation of the effective interest rate (EIR) for the purpose of computing interest income.

## d Recognition of profit/loss on sale of investments of financial services business

Profit/loss on sale of investments is recognised on trade date basis. Profit/loss on sale of mutual fund units is determined based on the first in first out (FIFO) method.

## e Net gain/(loss) on fair value changes of financial services business

Any differences between the fair values of financial assets classified as fair value through the profit or loss, held by the Group on the Balance Sheet date is recognised as a Fair value gain or loss as a gain or expense respectively.

## f Contract balances

### Contract assets

The incremental cost to obtain a contract are recognised as an asset if the Group expects to recover those cost over the period of contract. The Group recognises the incremental costs of obtaining a contract as an expense, when

## Notes to the Consolidated Financial Statements

incurred, if the amortisation period of the asset that the entity otherwise would have recognised is one year or less. Impairment loss (termed as provision for foreseeable losses in the financial statements) is recognised in the Statement of Profit or Loss to the extent the carrying amount of the contract asset exceeds the remaining amount of consideration that the Group expects to receive towards remaining performance obligations (after deducting the costs that relate directly to fulfill such remaining performance obligations).

### Trade receivables

The amounts billed on customer for work performed and are unconditionally due for payment i.e. only passage of time is required before payment falls due, are disclosed in the Balance Sheet as trade receivables.

### Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised when the group performs under the contract.

### Bill and hold arrangements

Revenue is recognized when the group completes its performance obligation to transfer the control of the goods to the customer in accordance with the agreed upon specifications in the contract for which the customer has accepted the control. Such goods are identified and kept ready for delivery based on which revenue is recognized.

### Determination of revenue in case of Bill and hold transaction related to Parent company

- i) The Parent Company completes its performance obligation to transfer the control of the goods to the customer in accordance with the agreed upon specifications in the contract for which customer accepts the same and confirms to the Parent Company basis which criteria for bill and hold is met.
- ii) The Parent Company has identified the goods as belonging to the customer and stored them separately in the factory premises until goods are cleared from the factory premises.
- iii) The goods are ready for physical transfer to the customer from the factory premises of the Parent Company.

- iv) The Parent Company cannot use the goods for any other purpose or to direct it to another customer."

### Other income

#### a Interest income from Financial Assets

Interest income from financial assets is recognised using effective interest rate method.

#### b Dividend income

Dividend income is recognised when the Group's right to receive the amount has been established.

#### c Others

Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the group and the amount of income can be measured reliably.

### 5.18 Exceptional items

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the group is treated as an exceptional item and the same is disclosed in the Note 42.

### 5.19 Government grants

Grants and subsidies from the government are recognised if the following conditions are satisfied :

- There is reasonable assurance that the Group will comply with the conditions attached to it.
- Such benefits are earned and reasonable certainty exists of the collection.

#### a Export incentives

Export incentives under various schemes notified by government are accounted for in the year of exports as grant related to income and is recognised as "Other operating income" in the Statement of Profit and Loss if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.

#### b Industrial promotion subsidy

Government grants received with reference to Industrial promotion subsidy under Packaged Scheme of Incentives, 2001 is treated as grant related income and is recognised as "Other operating income" in the Statement of Profit and Loss as per the appropriate recognition criteria.

# Notes to the Consolidated Financial Statements

## c Export promotion capital goods

Government grants received with reference to export promotion capital goods scheme are initially recognised as deferred revenue and grant in proportion of export obligation achieved during the year is reduced from deferred revenue and recognised as "Other operating income" in the Statement of Profit and Loss.

## 5.20 Cash 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 Companies Act, 2013, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions, if any, are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of Non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the Statement of Profit and Loss.

## 5.21 Share based employee payments

### Equity settled share based payments

Employees of the Group receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The Group recognises compensation expense relating to share based payments in accordance with Ind AS 102 "Share based Payment". Stock options granted by the Group to its employees are accounted as equity settled options. Accordingly, equity-settled share based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share based payments transactions are set out in Note 44.6.16. The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revisits its estimate of the

number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the Share based payments reserve.

## 5.22 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

## 5.23 Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non cash nature and any deferral or accruals of past or future cash receipts or payments. The cash flows from regular operating, investing and financing activities of the Group are segregated.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as at the date of the Balance Sheet.

## 5.24 Segment reporting

### a Identification of segments

The Group's has identified three operating reportable segments namely B2B, B2C and Financial Services. The identification of operating segments is consistent with performance assessment and resource allocation by the management.

### b Allocation of common costs

Common allocable costs are allocated to the reportable segment based on sales of reportable segment to the total sales of the Group.

### c Unallocated items

Corporate assets and liabilities, income and expenses which relate to the Group as a whole and are not allocable to segments, are included under other reconciling items.



## Notes to the Consolidated Financial Statements

### 6 Additional notes to the Consolidated Financial Statements

#### 6.1 Contingent liabilities

| ₹ in Crores                                          |                        |                        |
|------------------------------------------------------|------------------------|------------------------|
| Particulars                                          | As at<br>31 March 2025 | As at<br>31 March 2024 |
| i Central Excise Demands                             | 20.09                  | 20.09                  |
| ii Sales Tax and Goods & Service Tax Demands         | 5.46                   | 8.78                   |
| iii Customs Duty Demands                             | 0.00                   | 0.00                   |
| iv Income Tax Demands                                | 7.32                   | 7.32                   |
| v Claims against the Group not acknowledged as debts | 64.27                  | 65.72                  |
| vi Employees State Insurance (ESI) Demands           | -                      | 0.24                   |

#### 6.2 Other Contingent Liabilities

| ₹ in Crores                                                                                                                                                                                        |                        |                        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| Particulars                                                                                                                                                                                        | As at<br>31 March 2025 | As at<br>31 March 2024 |
| a Aggregate amount of such letters of credit outstanding (Charge of hypothecation referred to in Note 27 for working capital facilities extends to letter of credit issued by the Group's bankers) | 11.87                  | 19.08                  |
| b Aggregate liquidated damages on unexecuted orders                                                                                                                                                | 11.27                  | 1.77                   |

#### 6.3 Capital commitment

| ₹ in Crores                                                                                                      |                        |                        |
|------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| Particulars                                                                                                      | As at<br>31 March 2025 | As at<br>31 March 2024 |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 185.49                 | 143.04                 |

#### 6.4 Other commitments

- The Parent Company has given letter of comfort/undertaking to one of the step-down subsidiary's bankers for credit facilities availed by that step-down subsidiary. As per the terms of letter of comfort/undertaking, the step-down subsidiary company undertakes not to divest its ownership interest directly or indirectly in the step-down subsidiary beyond specified percentage.
- The subsidiary and step-down subsidiary of the Parent Company viz. Arka Financial Holdings Private Limited and Arka Fincap Limited respectively are sponsors to the Arka Credit Fund I registered with SEBI as Category II Alternative Investment Fund. As at 31 March 2024, the investment commitment to the said fund as Sponsors was ₹ 1.25 Crores which has been invested during the current year.

| ₹ in Crores                        |                        |                        |
|------------------------------------|------------------------|------------------------|
| Particulars                        | As at<br>31 March 2025 | As at<br>31 March 2024 |
| Loans sanctioned not yet disbursed | 425.80                 | 567.61                 |

- 6.5** The sales for the current year includes an amount of ₹ **1.31 Crores** (31 March 2024 : ₹ **0.36 Crores**) on account of supplies to Special Economic Zone (SEZ).

#### 6.6 Revenue recognition

##### a Disaggregation of revenue

Set out below is the disaggregation of the Group's revenue from contracts with its customers:

# Notes to the Consolidated Financial Statements

## 6.6 Revenue recognition (Contd..)

### For the year ended 31 March 2025

₹ in Crores

| Business                            | B2B             | B2C             | Financial services | Total           |
|-------------------------------------|-----------------|-----------------|--------------------|-----------------|
| Power Gen Business                  | 1,968.85        | -               | -                  | 1,968.85        |
| Industrial Business                 | 1,132.81        | -               | -                  | 1,132.81        |
| Distribution & Aftermarket Business | 842.97          | -               | -                  | 842.97          |
| International Business              | 497.81          | 48.89           | -                  | 546.70          |
| Water Management Solutions          | -               | 974.61          | -                  | 974.61          |
| Farm Mechanisation Solutions        | -               | 48.43           | -                  | 48.43           |
| Financial Services Business         | -               | -               | 780.42             | 780.42          |
| <b>Total</b>                        | <b>4,442.44</b> | <b>1,071.93</b> | <b>780.42</b>      | <b>6,294.79</b> |

### For the year ended 31 March 2024

₹ in Crores

| Business                            | B2B             | B2C             | Financial services | Total           |
|-------------------------------------|-----------------|-----------------|--------------------|-----------------|
| Power Gen Business                  | 1,905.46        | -               | -                  | 1,905.46        |
| Industrial Business                 | 1,008.00        | -               | -                  | 1,008.00        |
| Distribution & Aftermarket Business | 748.91          | -               | -                  | 748.91          |
| International Business              | 522.99          | 29.32           | -                  | 552.31          |
| Water Management Solutions          | -               | 974.62          | -                  | 974.62          |
| Farm Mechanisation Solutions        | -               | 87.34           | -                  | 87.34           |
| Financial Services Business         | -               | -               | 564.55             | 564.55          |
| <b>Total</b>                        | <b>4,185.36</b> | <b>1,091.28</b> | <b>564.55</b>      | <b>5,841.19</b> |

## b Revenue recognised in relation to contract liabilities

### Movement of contract liabilities

₹ in Crores

| Particulars                                        | 2024-2025     | 2023-2024    |
|----------------------------------------------------|---------------|--------------|
| Contract liabilities at the beginning of the year  | 71.67         | 69.19        |
| Add / (Less):                                      |               |              |
| Consideration received during the year as advance  | 199.57        | 126.44       |
| Written off/refund/cancellation                    | (0.15)        | (2.20)       |
| Revenue recognised from contract liabilities *     | (119.03)      | (121.77)     |
| <b>Contract liabilities at the end of the year</b> | <b>152.06</b> | <b>71.67</b> |

\* Includes revenue of ₹ 38.34 Crores ( 31 March 2024 : ₹ 45.05 Crores ) during the year from its contract liabilities as on 1 April 2024. Contract liabilities are presented in Note 26 & Note 31 as "Advance from customer" and "Revenue received in advance."

## c Information about performance obligation

- The Group is mainly in the business of manufacturing and trading of engines, gensets, electric pumps , related spares and providing financial services. The group also provides after sales services such as annual maintenance contract, extended warranty etc.
- The Group generally recognises revenue in case of goods, when the performance obligation is satisfied at a point in time when the control is transferred i.e. either on shipment or upon delivery as per the terms of contracts in domestic and in case of export on the date of bill of lading.

In case of services, where performance obligation is satisfied at a point in time, revenue is generally recognised upon completion of services and on obtaining work completion certificates from the customers. In contracts under which performance obligation satisfied over a period of time, revenue is generally recognised either according to stage of completion or on straight line basis depending upon the type of services provided. The stage of completion is determined based on the contractual terms.

When the Group's efforts or inputs are expended evenly throughout the performance period revenue is recognised on straightline basis.

## Notes to the Consolidated Financial Statements

### 6.6 Revenue recognition (Contd..)

The payment is due from the date of invoice and payment terms are generally in the range of 0 to 90 days depending on product/market segment and market channel excluding some exceptions.

- iii The Group provides to its customers warranties in the forms of Repairs or replacement warranty under its standard terms and recognises it as warranty provision as per Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets"

#### d Unsatisfied performance obligations as at the end of year:

As on 31 March 2025, the Group has unsatisfied performance obligation of **₹ 182.22 Crores** (31 March 2024 : ₹ 92.03 Crores). The Group expects that ₹ 67.01 Crores will be recognised as revenue in financial year 2025-26 and remaining in subsequent years based on contractual terms.

#### e Asset recognised for cost incurred to obtain a contract and cost incurred to fulfil contract

As on 31 March 2025, the Group has recognised an asset of **₹ 2.99 Crores** (31 March 2024 : ₹ 4.40 Crores) for cost incurred to obtain and fulfill the contracts. Asset recognised is included in Note 18 "Other current asset : Prepaid expenses."

#### f Reconciliation of the Group's revenue from contract with customers and contract price :

| Particulars                                                         | ₹ in Crores     |                 |
|---------------------------------------------------------------------|-----------------|-----------------|
|                                                                     | 2024-2025       | 2023-2024       |
| Contract price                                                      | 6,377.36        | 5,927.89        |
| Adjustment for :                                                    |                 |                 |
| Contract liabilities: Discounts, incentives & late delivery charges | (82.57)         | (86.70)         |
| <b>Revenue from contracts with customers</b>                        | <b>6,294.79</b> | <b>5,841.19</b> |

### 6.7 Employee Benefit Plans

#### A. Defined contribution plans:

Amount of **₹ 22.37 Crores** (31 March 2024: ₹ 17.70 Crores) is recognised as expenses and included in Note 38 "Employee benefits expense"

#### B. Defined benefit plans:

The Group has following post employment benefits which are in the nature of defined benefit plans:

- (a) Gratuity
- (b) Pension, Post retirement medical scheme and Long-term award scheme

# Notes to the Consolidated Financial Statements

## 6.7 Employee Benefit Plans (Contd..)

### 31 March 2025 : Changes in defined benefit obligation and plan assets

| Particulars                                                                   | 1 April 2024   | Cost charged to Statement of Profit and Loss |                      |                                                              | Benefit paid | Re-measurement gains/(losses) in other comprehensive income                |                                                        |                                                                 |                        |                           | Contributions by employer | 31 March 2025  |
|-------------------------------------------------------------------------------|----------------|----------------------------------------------|----------------------|--------------------------------------------------------------|--------------|----------------------------------------------------------------------------|--------------------------------------------------------|-----------------------------------------------------------------|------------------------|---------------------------|---------------------------|----------------|
|                                                                               |                | Service cost                                 | Net interest expense | Sub-total included in Statement of Profit and Loss (Note 38) |              | Return on plan assets (excluding amounts included in net interest expense) | Actuarial changes arising from demographic assumptions | Actuarial changes arising from changes in financial assumptions | Experience adjustments | Sub-total included in OCI |                           |                |
|                                                                               |                |                                              |                      |                                                              |              |                                                                            |                                                        |                                                                 |                        |                           |                           |                |
| <b>(a) Gratuity</b>                                                           |                |                                              |                      |                                                              |              |                                                                            |                                                        |                                                                 |                        |                           |                           |                |
| Defined benefit obligation                                                    | (67.84)        | (8.36)                                       | (4.63)               | (12.99)                                                      | 7.72         | -                                                                          | -                                                      | (3.39)                                                          | (2.03)                 | (5.42)                    | -                         | (78.53)        |
| Fair value of plan assets                                                     | 54.72          | -                                            | 3.93                 | 3.93                                                         | (6.93)       | (0.04)                                                                     | -                                                      | (0.16)                                                          | 0.23                   | 0.03                      | 6.56                      | 58.30          |
| <b>Benefit/ (liability)</b>                                                   | <b>(13.12)</b> | <b>(8.36)</b>                                | <b>(0.70)</b>        | <b>(9.06)</b>                                                | <b>0.79</b>  | <b>(0.04)</b>                                                              | <b>-</b>                                               | <b>(3.55)</b>                                                   | <b>(1.80)</b>          | <b>(5.39)</b>             | <b>6.56</b>               | <b>(20.23)</b> |
| <b>(b) Pension, Post retirement medical scheme and Long-term award scheme</b> |                |                                              |                      |                                                              |              |                                                                            |                                                        |                                                                 |                        |                           |                           |                |
| Defined benefit obligation                                                    | (2.83)         | (0.03)                                       | (0.19)               | (0.23)                                                       | 0.28         | -                                                                          | -                                                      | (0.06)                                                          | 0.18                   | 0.12                      | -                         | (2.65)         |
| Fair value of plan assets                                                     | -              | -                                            | -                    | -                                                            | -            | -                                                                          | -                                                      | -                                                               | -                      | -                         | -                         | -              |
| <b>Benefit/ (liability)</b>                                                   | <b>(2.83)</b>  | <b>(0.03)</b>                                | <b>(0.19)</b>        | <b>(0.23)</b>                                                | <b>0.28</b>  | <b>-</b>                                                                   | <b>-</b>                                               | <b>(0.06)</b>                                                   | <b>0.18</b>            | <b>0.12</b>               | <b>-</b>                  | <b>(2.65)</b>  |
| <b>Total benefit/ (liability)</b>                                             | <b>(15.94)</b> | <b>(8.40)</b>                                | <b>(0.89)</b>        | <b>(9.29)</b>                                                | <b>1.07</b>  | <b>(0.04)</b>                                                              | <b>-</b>                                               | <b>(3.61)</b>                                                   | <b>(1.62)</b>          | <b>(5.27)</b>             | <b>6.56</b>               | <b>(22.88)</b> |

₹ in Crores

### 31 March 2024 : Changes in defined benefit obligation and plan assets

| Particulars                                                                   | 1 April 2023   | Cost charged to Statement of Profit and Loss |                      |                                                              | Benefit paid | Re-measurement gains/(losses) in other comprehensive income                |                                                                   |                                                                 |                        |                           | Contributions by employer | 31 March 2024  |
|-------------------------------------------------------------------------------|----------------|----------------------------------------------|----------------------|--------------------------------------------------------------|--------------|----------------------------------------------------------------------------|-------------------------------------------------------------------|-----------------------------------------------------------------|------------------------|---------------------------|---------------------------|----------------|
|                                                                               |                | Service cost                                 | Net interest expense | Sub-total included in Statement of Profit and Loss (Note 38) |              | Return on plan assets (excluding amounts included in net interest expense) | Actuarial changes arising from changes in demographic assumptions | Actuarial changes arising from changes in financial assumptions | Experience adjustments | Sub-total included in OCI |                           |                |
|                                                                               |                |                                              |                      |                                                              |              |                                                                            |                                                                   |                                                                 |                        |                           |                           |                |
| <b>(a) Gratuity</b>                                                           |                |                                              |                      |                                                              |              |                                                                            |                                                                   |                                                                 |                        |                           |                           |                |
| Defined benefit obligation                                                    | (60.31)        | (6.34)                                       | (4.25)               | (10.59)                                                      | 7.37         | -                                                                          | 0.30                                                              | (1.49)                                                          | (2.57)                 | (3.76)                    | -                         | (67.29)        |
| Fair value of plan assets                                                     | 48.01          | -                                            | 3.71                 | 3.71                                                         | (7.37)       | (0.04)                                                                     | -                                                                 | 0.14                                                            | (0.19)                 | (0.10)                    | 10.26                     | 54.52          |
| <b>Benefit/ (liability)</b>                                                   | <b>(12.30)</b> | <b>(6.34)</b>                                | <b>(0.54)</b>        | <b>(6.88)</b>                                                | <b>-</b>     | <b>(0.04)</b>                                                              | <b>0.30</b>                                                       | <b>(1.35)</b>                                                   | <b>(2.77)</b>          | <b>(3.86)</b>             | <b>10.26</b>              | <b>(12.77)</b> |
| <b>(b) Pension, Post retirement medical scheme and Long-term award scheme</b> |                |                                              |                      |                                                              |              |                                                                            |                                                                   |                                                                 |                        |                           |                           |                |
| Defined benefit obligation                                                    | (2.95)         | (0.03)                                       | (0.21)               | (0.24)                                                       | 0.30         | -                                                                          | -                                                                 | (0.05)                                                          | 0.10                   | 0.05                      | -                         | (2.84)         |
| Fair value of plan assets                                                     | -              | -                                            | -                    | -                                                            | -            | -                                                                          | -                                                                 | -                                                               | -                      | -                         | -                         | -              |
| <b>Benefit/ (liability)</b>                                                   | <b>(2.95)</b>  | <b>(0.03)</b>                                | <b>(0.21)</b>        | <b>(0.24)</b>                                                | <b>0.30</b>  | <b>-</b>                                                                   | <b>-</b>                                                          | <b>(0.05)</b>                                                   | <b>0.10</b>            | <b>0.05</b>               | <b>-</b>                  | <b>(2.84)</b>  |
| <b>Total benefit/ (liability)</b>                                             | <b>(15.25)</b> | <b>(6.37)</b>                                | <b>(0.75)</b>        | <b>(7.12)</b>                                                | <b>0.30</b>  | <b>(0.04)</b>                                                              | <b>0.30</b>                                                       | <b>(1.40)</b>                                                   | <b>(2.67)</b>          | <b>(3.81)</b>             | <b>10.26</b>              | <b>(15.61)</b> |



# Notes to the Consolidated Financial Statements

## 6.7 Employee Benefit Plans (Contd..)

### C. Other long-term employment benefits

The Group has compensated absences plan which is covered by other long-term employment benefits

#### 31 March 2025 : Changes in defined benefit obligation and plan assets of compensated absences

| Particulars                 | 1 April 2024   | Cost charged to Statement of Profit and Loss |               |                                                    |                                                              | Benefit paid | Contributions by employer | 31 March 2025  |
|-----------------------------|----------------|----------------------------------------------|---------------|----------------------------------------------------|--------------------------------------------------------------|--------------|---------------------------|----------------|
|                             |                | Service cost*                                | Interest cost | Actuarial changes arising from various assumptions | Sub-total included in statement of profit and loss (Note 38) |              |                           |                |
| <b>Compensated absences</b> |                |                                              |               |                                                    |                                                              |              |                           |                |
| Defined benefit obligation  | (34.88)        | 2.88                                         | (2.38)        | 1.61                                               | 2.11                                                         | 3.41         | -                         | (29.37)        |
| Fair value of plan assets   | -              | -                                            | -             | -                                                  | -                                                            | -            | -                         | -              |
| <b>Benefit/ (liability)</b> | <b>(34.88)</b> | <b>2.88</b>                                  | <b>(2.38)</b> | <b>1.61</b>                                        | <b>2.11</b>                                                  | <b>3.41</b>  | <b>-</b>                  | <b>(29.37)</b> |

\*The leave encashment policy of the Parent Company has been revised from 1 October 2024 wherein the salary considered for encashment has been changed from gross to basic for some of the grades.

#### 31 March 2024 : Changes in defined benefit obligation and plan assets of compensated absences

| Particulars                 | 1 April 2024   | Cost charged to Statement of Profit and Loss |               |                                                    |                                                              | Benefit paid | Contributions by employer | 31 March 2025  |
|-----------------------------|----------------|----------------------------------------------|---------------|----------------------------------------------------|--------------------------------------------------------------|--------------|---------------------------|----------------|
|                             |                | Service cost                                 | Interest cost | Actuarial changes arising from various assumptions | Sub-total included in statement of profit and loss (Note 38) |              |                           |                |
| <b>Compensated absences</b> |                |                                              |               |                                                    |                                                              |              |                           |                |
| Defined benefit obligation  | (32.33)        | (3.89)                                       | (2.19)        | (2.76)                                             | (8.84)                                                       | 6.29         | -                         | (34.87)        |
| Fair value of plan assets   | -              | -                                            | -             | -                                                  | -                                                            | -            | -                         | -              |
| <b>Benefit/ (liability)</b> | <b>(32.33)</b> | <b>(3.89)</b>                                | <b>(2.19)</b> | <b>(2.76)</b>                                      | <b>(8.84)</b>                                                | <b>6.29</b>  | <b>-</b>                  | <b>(34.87)</b> |

## Notes to the Consolidated Financial Statements

### 6.7 Employee Benefit Plans (Contd..)

#### D. Other disclosures

For Gratuity, the major categories of plan assets and the percentage that each major category constitutes of the fair value of the total plan assets are as follows:

| Particulars                         | 31 March 2025 | 31 March 2024 |
|-------------------------------------|---------------|---------------|
| Insured managed funds (₹ in Crores) | 58.30         | 54.71         |
| (%) of total plan assets            | 100%          | 100%          |

The principal assumptions used in determining above defined benefit obligations for the Group's plans are shown below:

| Particulars                                                        | 31 March 2025  | 31 March 2024  |
|--------------------------------------------------------------------|----------------|----------------|
| Discount rate                                                      | 7.20% - 7.30%  | 7.20% - 7.30%  |
| Future salary increase                                             | 7.00% - 10.00% | 7.00% - 10.00% |
| Expected rate of return on plan assets                             | 7.20%-7.50%    | 7.20%-7.50%    |
| <b>Expected average remaining working lives (in years)</b>         |                |                |
| Gratuity                                                           | 3.26 - 12.00   | 3.26 - 12.00   |
| Pension, Post retirement medical scheme and Long-term award scheme | 7.51 - 9.22    | 7.51 - 9.22    |
| Compensated Absences                                               | 3.26 - 9.85    | 3.26 - 9.85    |
| <b>Withdrawal rate (based on grade and age of employees)</b>       |                |                |
| Gratuity                                                           | 0%-30%         | 0%-30%         |
| Pension, Post retirement medical scheme and Long-term award scheme | 0.00%          | 0.00%          |
| Compensated Absences                                               | 0%-30%         | 0%-30%         |

A quantitative sensitivity analysis for significant assumptions is as shown below:

#### Gratuity

| Particulars            | Sensitivity level | ₹ in Crores                                                  |               |
|------------------------|-------------------|--------------------------------------------------------------|---------------|
|                        |                   | (Increase) / Decrease in defined benefit obligation (Impact) |               |
|                        |                   | 31 March 2025                                                | 31 March 2024 |
| Discount rate          | 1% Increase       | 5.58                                                         | 6.18          |
|                        | 1% Decrease       | (6.36)                                                       | (6.93)        |
| Future salary increase | 1% Increase       | (5.39)                                                       | (3.30)        |
|                        | 1% Decrease       | 4.86                                                         | 2.89          |
| Withdrawal rate        | 1% Increase       | 0.55                                                         | 1.78          |
|                        | 1% Decrease       | (0.62)                                                       | (1.82)        |

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

#### Pension, Post retirement medical scheme and Long-term award scheme

| Particulars     | Sensitivity level | ₹ in Crores                                                  |               |
|-----------------|-------------------|--------------------------------------------------------------|---------------|
|                 |                   | (Increase) / Decrease in defined benefit obligation (Impact) |               |
|                 |                   | 31 March 2025                                                | 31 March 2024 |
| Discount rate   | 1% Increase       | 0.11                                                         | 0.14          |
|                 | 1% Decrease       | (0.13)                                                       | (0.12)        |
| Withdrawal rate | 1% Increase       | 0.00                                                         | (0.00)        |
|                 | 1% Decrease       | -                                                            | -             |

## Notes to the Consolidated Financial Statements

### 6.7 Employee Benefit Plans (Contd..)

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The followings are the expected future benefit payments for the defined benefit plan :

| Particulars                                                        | ₹ in Crores   |               |
|--------------------------------------------------------------------|---------------|---------------|
|                                                                    | 31 March 2025 | 31 March 2024 |
| <b>Within the next 12 months (next annual reporting period)</b>    |               |               |
| Gratuity                                                           | 9.11          | 8.82          |
| Pension, Post retirement medical scheme and Long-term award scheme | 0.35          | 0.26          |
| Compensated absences                                               | 0.34          | 0.37          |
| <b>Between 2 and 5 years</b>                                       |               |               |
| Gratuity                                                           | 27.92         | 24.72         |
| Pension, Post retirement medical scheme and Long-term award scheme | 1.31          | 1.05          |
| Compensated absences                                               | -             | -             |
| <b>Beyond 5 years</b>                                              |               |               |
| Gratuity                                                           | 46.96         | 36.69         |
| Pension, Post retirement medical scheme and Long-term award scheme | 1.36          | 1.14          |
| Compensated absences                                               | -             | -             |
| <b>Total expected payments</b>                                     | <b>87.35</b>  | <b>73.05</b>  |

Weighted average duration of defined plan obligation (based on discounted cash flows) (in years):

| Particulars                                                        | 31 March 2025 | 31 March 2024 |
|--------------------------------------------------------------------|---------------|---------------|
| Gratuity                                                           | 3.30 - 12.00  | 3.30 - 12.00  |
| Pension, Post retirement medical scheme and Long-term award scheme | 6.06 - 7.91   | 5.75 - 8.84   |

The followings are the expected contributions to planned assets for the next year:

| Particulars | ₹ in Crores   |               |
|-------------|---------------|---------------|
|             | 31 March 2025 | 31 March 2024 |
| Gratuity    | 11.10         | 11.14         |

### Risk Exposure

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

- Discount rate risk:** Variations in the discount rate used to compute the present value of the liabilities may see small, but in practise can have a significant impact on the defined benefit liabilities.
- 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 uncertainties in estimating this increasing risk.
- Asset risks:** Plan assets are maintained in a trust fund partly managed by a public sector insurer viz; Life Insurance Corporation ("LIC") of India and partly managed by private sector insurer.

LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years. The Group has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Group has no control over the management of funds but this option provides a high level of safety for the total corpus and interest rate and inflation risk are taken care of.

With other private insurers the Group has opted for Mutual funds which is market linked with option to invest in equity funds. The group has the option to structure the portfolio based on its risk appetite providing an opportunity to earn market linked returns. But there is an investment risk here which is borne by the Group.

A single account is maintained for both investment and claim settlement and hence 100% liquidity is ensured.

## Notes to the Consolidated Financial Statements

### 6.7 Employee Benefit Plans (Contd..)

- d. 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 Group is successfully able to neutralize valuation swings caused by interest rate movements.
- e. Unfunded Plan Risk:** This represents unmanaged risk and a growing liability. There is an inherent risk here that the Group may default on paying the benefits in adverse circumstances. Funding the plan removes volatility from the balance sheet and better manages defined benefit risk through increased returns.

#### Funding policy

There is no compulsion on the part of the Group to fully prefund the liability of the Gratuity Plan. The Group's philosophy is to fund these benefits based on its own liquidity and the level of underfunding of the plan.

- 6.8 The Group has identified three operating reportable segments namely B2B, B2C and Financial Services. The identification of operating segments is consistent with performance assessment and resource allocation by the management. The Consolidated Statement of Segment wise Revenue, Results, Assets and Liabilities are as under:**

#### A. Profit (before exceptional items and tax) of reportable segment

₹ in Crores

| Particulars                                    | 2024-25         |                 |                    |                           |                 |
|------------------------------------------------|-----------------|-----------------|--------------------|---------------------------|-----------------|
|                                                | B2B             | B2C             | Financial Services | Other Reconciling amounts | Total           |
| Segment Revenue                                | 4,481.00        | 1,087.71        | 780.42             | -                         | 6,349.13        |
| <b>Total Revenue</b>                           | <b>4,481.00</b> | <b>1,087.71</b> | <b>780.42</b>      | <b>-</b>                  | <b>6,349.13</b> |
| <b>Profit before exceptional items and tax</b> | <b>489.53</b>   | <b>24.99</b>    | <b>89.29</b>       | <b>11.68</b>              | <b>615.49</b>   |
| Depreciation and amortisation expenses         | 106.89          | 23.65           | 8.32               | 0.93                      | 139.79          |
| Interest expenses (net)                        | 7.10            | 10.05           | 460.90             | 4.92                      | 482.97          |
| Exceptional items (income)/(expense)           | -               | -               | 15.29              | 20.90                     | 36.19           |

₹ in Crores

| Particulars                                    | 2023-24         |                 |                    |                           |                 |
|------------------------------------------------|-----------------|-----------------|--------------------|---------------------------|-----------------|
|                                                | B2B             | B2C             | Financial Services | Other Reconciling amounts | Total           |
| Segment Revenue                                | 4,228.42        | 1,105.35        | 564.55             | -                         | 5,898.32        |
| <b>Total Revenue</b>                           | <b>4,228.42</b> | <b>1,105.35</b> | <b>564.55</b>      | <b>-</b>                  | <b>5,898.32</b> |
| <b>Profit before exceptional items and tax</b> | <b>458.64</b>   | <b>44.69</b>    | <b>105.80</b>      | <b>1.40</b>               | <b>610.53</b>   |
| Depreciation and amortisation expenses         | 89.43           | 20.16           | 8.38               | 0.83                      | 118.80          |
| Interest expenses (net)                        | 1.61            | 5.76            | 314.90             | 5.96                      | 328.23          |
| Exceptional items [income/(expense)]           | -               | -               | (15.29)            | -                         | (15.29)         |

#### B. Capital employed of reportable segment

₹ in Crores

| Particulars                   | As at 31 March 2025 |               |                    |               |                  |
|-------------------------------|---------------------|---------------|--------------------|---------------|------------------|
|                               | B2B                 | B2C           | Financial Services | Unallocated   | Total            |
| Assets                        | 2,052.34            | 682.90        | 7,123.08           | 621.91        | 10,480.23        |
| <b>Total Assets (I)</b>       | <b>2,052.34</b>     | <b>682.90</b> | <b>7,123.08</b>    | <b>621.91</b> | <b>10,480.23</b> |
| Liabilities                   | 1,097.38            | 358.54        | 5,867.06           | 100.53        | 7,423.51         |
| <b>Total Liabilities (II)</b> | <b>1,097.38</b>     | <b>358.54</b> | <b>5,867.06</b>    | <b>100.53</b> | <b>7,423.51</b>  |



## Notes to the Consolidated Financial Statements

### 6.8 Segment reporting (Contd..)

₹ in Crores

| Particulars                   | As at 31 March 2024 |               |                    |               |                 |
|-------------------------------|---------------------|---------------|--------------------|---------------|-----------------|
|                               | B2B                 | B2C           | Financial Services | Unallocated   | Total           |
| Assets                        | 1,747.69            | 706.67        | 5,306.14           | 517.37        | 8,277.87        |
| <b>Total Assets (I)</b>       | <b>1,747.69</b>     | <b>706.67</b> | <b>5,306.14</b>    | <b>517.37</b> | <b>8,277.87</b> |
| Liabilities                   | 1,019.02            | 323.15        | 4,122.24           | 153.19        | 5,617.60        |
| <b>Total Liabilities (II)</b> | <b>1,019.02</b>     | <b>323.15</b> | <b>4,122.24</b>    | <b>153.19</b> | <b>5,617.60</b> |

### C. Geographical based bifurcation of operating segments revenue

₹ in Crores

| Particulars  | 2024-2025       | 2023-2024       |
|--------------|-----------------|-----------------|
| Domestic     | 5,646.63        | 5,151.38        |
| Export       | 702.50          | 746.94          |
| <b>Total</b> | <b>6,349.13</b> | <b>5,898.32</b> |

D. The Group do not have transactions with single customer amounting to 10 percent or more of Group's revenues.

### 6.9 Related parties have been identified as defined under Clause 9 of Indian Accounting Standard (Ind AS 24) "Related Party Disclosures" and Regulation 34 (3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder

#### a Description of related parties

#### i Name of the related party and nature of relationship where control exists:

| Sr No. | Nature of Relationship                                                                                                                         | Name of Related Party                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1      | Entities controlled by Key Managerial Personnel                                                                                                | Beluga Whale Capital Management Pte Limited<br>Snow Leopard Technology Ventures LLP                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 2      | Associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member) | ESVA Pumps India Private Limited (ESVA), Coimbatore (Joint Venture of OPEPL upto 25 March 2024 and Joint Venture of LGM w.e.f. 26 March 2024 upto 28 September 2024, pursuant to amalgamation - Refer Note 44.6.17 and 44.6.19)<br>Kirloskar Energen Private Limited (upto 11 March 2025)<br>Kirloskar Solar Technologies Private Limited<br>Navsai Opportunities Private Limited (formerly known as Navsai Investments Private Limited- name change w.e.f. 22 February 2025)<br>Gumtree Capital Advisors LLP<br>Snow Leopard Infrastructure-1 LLP<br>Snow Leopard Lever Boost LLP<br>Cephlopod Teknik - IV LLP (upto 22 March 2024)<br>Cephlopod Teknik - V LLP (upto 24 March 2025)<br>Binaza Consult Private Limited (earlier known as Binaza Travels Private Limited) (w.e.f. 31 August 2023)<br>Indifour Consult Private Limited (w.e.f. 27 April 2023)<br>AlotoxI Ventures LLP (w.e.f. 10 May 2023)<br>Cephalopod Teknik VI LLP (w.e.f. 4 March 2024 upto 24 March 2025)<br>Paragon Greensutra Private Limited (w.e.f. 8 September 2023)<br>Cephalopod Teknik - VII LLP (w.e.f. 3 October 2024) |
| 3      | Entities controlled by Close Member of Key Managerial Personnel                                                                                | Atul Kirloskar<br>Rahul Kirloskar                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 4      | Promoter/Promoter group which hold(s) 10% or more shareholding                                                                                 | Kirloskar Oil Engines Limited Employees' Group Gratuity Fund<br>Kirloskar Oil Engines Limited Employees' Gratuity Trust<br>Kirloskar Oil Engines Limited Officers' Superannuation Scheme<br>Kirloskar Oil Engines Limited Officers' Superannuation Trust<br>Kirloskar Oil Engines Limited Employees' Welfare Trust                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 5      | Post-employment benefit plan of the Parent Company                                                                                             | La-Gajjar Machinerries Private Limited Employees Group Gratuity Trust                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 6      | Post-employment benefit plan of subsidiary company                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

## Notes to the Consolidated Financial Statements

6.9 Related parties have been identified as defined under Clause 9 of Indian Accounting Standard (Ind AS 24) "Related Party Disclosures" and Regulation 34 (3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder (Contd..)

ii Key Managerial Personnel and their relatives:

| Sr No. | Name                                | Name of relatives    | Relationship |
|--------|-------------------------------------|----------------------|--------------|
| 1      | Gauri Kirloskar (Managing Director) | Atul Kirloskar       | Father       |
|        |                                     | Arti Kirloskar       | Mother       |
|        |                                     | Christopher Kolenaty | Husband      |
|        |                                     | Maya Kolenaty        | Daughter     |
|        |                                     | Pia Kolenaty         | Daughter     |

b Transactions with related parties

₹ in Crores

| Sr No. | Nature of the transaction / relationship / name of parties           | 2024-25 |        | 2023-24 |        |
|--------|----------------------------------------------------------------------|---------|--------|---------|--------|
|        |                                                                      | Amount  | Amount | Amount  | Amount |
| 1      | <b>Purchases of goods or services</b>                                |         |        |         |        |
|        | <b>Associate or joint venture of a member of the Group</b>           | 9.50    |        | 95.10   |        |
|        | ESVA Pumps India Private Limited                                     |         | 9.50   |         | 95.10  |
|        | <b>Entity controlled by Close Member of Key Managerial Personnel</b> | 1.02    |        | 0.18    |        |
|        | Indifour Consult Private Limited                                     |         | 0.73   |         | -      |
|        | Kirloskar Solar Technologies Private Limited                         |         | 0.29   |         | 0.18   |
|        | <b>Total</b>                                                         | 10.52   | 10.52  | 95.28   | 95.28  |
| 2      | <b>Purchases of Capital Goods</b>                                    |         |        |         |        |
|        | <b>Entity controlled by Close Member of Key Managerial Personnel</b> | -       |        | 1.26    |        |
|        | Kirloskar Solar Technologies Private Limited                         |         | -      |         | 1.26   |
|        | <b>Total</b>                                                         | -       | -      | 1.26    | 1.26   |
| 3      | <b>Rendering of services from Key Managerial Personnel</b>           | 5.35    |        | 9.18    |        |
|        | Gauri Kirloskar                                                      |         | 5.35   |         | 9.18   |
|        | <b>Close member of Key Managerial Personnel</b>                      | 1.86    |        | 5.26    |        |
|        | Atul Kirloskar                                                       |         | 1.86   |         | 5.26   |
|        | <b>Promoter &amp; Promoter group holding 10% or more shares</b>      | 0.35    |        | 0.06    |        |
|        | Rahul Kirloskar                                                      |         | 0.35   |         | 0.06   |
|        | <b>Total</b>                                                         | 7.56    | 7.56   | 14.50   | 14.50  |
| 4      | <b>Expenses paid / (recovery) of Key Management Personnel</b>        | 0.12    |        | 0.24    |        |
|        | Gauri Kirloskar                                                      |         | 0.12   |         | 0.24   |
|        | <b>Close member of Key Managerial Personnel</b>                      | -       |        | 0.28    |        |
|        | Atul Kirloskar                                                       |         | -      |         | 0.28   |
|        | <b>Entity controlled by Close Member of Key Managerial Personnel</b> | 0.81    |        | 0.82    |        |
|        | Indifour Consult Private Limited                                     |         | 0.03   |         |        |
|        | Kirloskar Solar Technologies Private Limited                         |         | 0.78   |         | 0.82   |
|        | <b>Total</b>                                                         | 0.93    | 0.93   | 1.34    | 1.34   |
| 5      | <b>Reimbursement / (recovery) of expenses</b>                        |         |        |         |        |
|        | <b>Associate or joint venture of a member of the Group</b>           | 0.04    |        | 0.06    |        |
|        | ESVA Pumps India Private Limited                                     |         | 0.04   |         | 0.06   |
|        | <b>Key Managerial Personnel</b>                                      | 0.12    |        | 0.06    |        |
|        | Gauri Kirloskar                                                      |         | 0.12   |         | 0.06   |
|        | <b>Close member of Key Managerial Personnel</b>                      | 0.07    |        | 0.26    |        |
|        | Atul Kirloskar                                                       |         | 0.07   |         | 0.26   |
|        | <b>Total</b>                                                         | 0.23    | 0.23   | 0.38    | 0.38   |

## Notes to the Consolidated Financial Statements

6.9 Related parties have been identified as defined under Clause 9 of Indian Accounting Standard (Ind AS 24) "Related Party Disclosures" and Regulation 34 (3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder (Contd..)

₹ in Crores

| Sr No.                      | Nature of the transaction / relationship / name of parties                             | 2024-25      |              | 2023-24      |              |
|-----------------------------|----------------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|
|                             |                                                                                        | Amount       | Amount       | Amount       | Amount       |
| <b>6</b>                    | <b>Interim dividend and final dividend paid</b>                                        |              |              |              |              |
|                             | <b>Key Managerial Personnel</b>                                                        | <b>3.45</b>  |              | <b>2.88</b>  |              |
|                             | Gauri Kirloskar                                                                        |              | 3.45         |              | 2.88         |
|                             | <b>Close member of Key Managerial Personnel</b>                                        | <b>10.74</b> |              | <b>8.95</b>  |              |
|                             | Atul Kirloskar                                                                         |              | 8.80         |              | 7.34         |
|                             | Arti Kirloskar                                                                         |              | 1.94         |              | 1.61         |
|                             | <b>Entity controlled by Key Managerial Personnel</b>                                   | <b>0.06</b>  |              | <b>0.04</b>  |              |
|                             | Navsai Opportunities Private Limited                                                   |              | 0.06         |              | 0.04         |
|                             | <b>Promoter &amp; Promoter group holding 10% or more shares</b>                        | <b>10.67</b> |              | <b>8.89</b>  |              |
|                             | Rahul Kirloskar                                                                        |              | 10.67        |              | 8.89         |
|                             | <b>Total</b>                                                                           | <b>24.92</b> | <b>24.92</b> | <b>20.76</b> | <b>20.76</b> |
| <b>7</b>                    | <b>Contributions Paid</b>                                                              |              |              |              |              |
|                             | <b>Post-employment benefit plan of the Parent Company</b>                              | <b>8.28</b>  |              | <b>11.87</b> |              |
|                             | Kirloskar Oil Engines Limited Officers' Superannuation Scheme                          |              | 2.27         |              | 1.70         |
|                             | Kirloskar Oil Engines Limited Officers' Superannuation Trust                           |              | 0.01         |              | 0.07         |
|                             | Kirloskar Oil Engines Limited Employees' Group Gratuity Fund                           |              | 6.00         |              | 10.10        |
|                             | <b>Post-employment benefit plan of subsidiary company</b>                              | <b>0.56</b>  |              | <b>0.33</b>  |              |
|                             | La-Gajjar Machineries Private Limited                                                  |              | 0.56         |              | 0.33         |
|                             | Employees Group Gratuity Trust                                                         |              |              |              |              |
|                             | <b>Total</b>                                                                           | <b>8.84</b>  | <b>8.84</b>  | <b>12.20</b> | <b>12.20</b> |
| <b>8</b>                    | <b>Dividend income received by Associate or joint venture of a member of the Group</b> | <b>-</b>     |              | <b>0.50</b>  |              |
|                             | ESVA Pumps India Private Limited                                                       |              | -            |              | 0.50         |
|                             | <b>Total</b>                                                                           | <b>-</b>     | <b>-</b>     | <b>0.50</b>  | <b>0.50</b>  |
| <b>9</b>                    | <b>Divestment in equity shares</b>                                                     |              |              |              |              |
|                             | <b>Associate or joint venture of a member of the Group</b>                             | <b>2.91</b>  |              | <b>-</b>     |              |
|                             | ESVA Pumps India Private Limited                                                       |              | 2.91         |              | -            |
|                             | <b>Total</b>                                                                           | <b>2.91</b>  | <b>2.91</b>  | <b>-</b>     | <b>-</b>     |
| <b>Outstanding balances</b> |                                                                                        |              |              |              |              |
| <b>1</b>                    | <b>Accounts payable (including financial and other assets)</b>                         |              |              |              |              |
|                             | <b>Associate or joint venture of a member of the Group</b>                             | <b>-</b>     |              | <b>3.69</b>  |              |
|                             | ESVA Pumps India Private Limited                                                       |              | -            |              | 3.69         |
|                             | <b>Key Management Personnel</b>                                                        | <b>-</b>     |              | <b>-</b>     |              |
|                             | <b>Commission</b>                                                                      | <b>4.09</b>  |              | <b>8.00</b>  |              |
|                             | Gauri Kirloskar                                                                        |              | 4.09         |              | 8.00         |
|                             | <b>Close member of Key Managerial Personnel</b>                                        | <b>1.82</b>  |              | <b>1.81</b>  |              |
|                             | Atul Kirloskar                                                                         |              | 1.82         |              | 1.81         |
|                             | <b>Entity controlled by Close Member of Key Managerial Personnel</b>                   | <b>0.37</b>  |              | <b>0.97</b>  |              |
|                             | Kirloskar Solar Technologies Private Limited                                           |              | 0.08         |              | 0.97         |
|                             | Indifour Consult Private Limited                                                       |              | 0.29         |              | -            |
|                             | <b>Promoter &amp; Promoter group holding 10% or more shares</b>                        | <b>0.30</b>  |              | <b>-</b>     |              |
|                             | Rahul Kirloskar                                                                        |              | 0.30         |              | -            |
|                             | <b>Post-employment benefit plan of the Parent Company</b>                              | <b>15.75</b> |              | <b>10.24</b> |              |

## Notes to the Consolidated Financial Statements

6.9 Related parties have been identified as defined under Clause 9 of Indian Accounting Standard (Ind AS 24) "Related Party Disclosures" and Regulation 34 (3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder (Contd..)

₹ in Crores

| Sr No. | Nature of the transaction / relationship / name of parties    | 2024-25 |        | 2023-24 |        |
|--------|---------------------------------------------------------------|---------|--------|---------|--------|
|        |                                                               | Amount  | Amount | Amount  | Amount |
|        | Kirloskar Oil Engines Limited Officers' Superannuation Scheme |         | 0.18   |         | 0.47   |
|        | Kirloskar Oil Engines Limited Officers' Superannuation Trust  |         | 0.03   |         | 0.06   |
|        | Kirloskar Oil Engines Limited Employees' Group Gratuity Fund  |         | 15.54  |         | 9.71   |
|        | Post-employment benefit plan of subsidiary company            | 1.45    |        | 0.83    |        |
|        | La-Gajjar Machineries Private Limited                         |         | 1.45   |         | 0.83   |
|        | Employees Group Gratuity Trust                                |         |        |         |        |
|        | Total                                                         | 23.78   | 23.78  | 25.54   | 25.54  |
| 2      | Accounts Receivables (including financial and other assets)   |         |        |         |        |
|        | Associate or joint venture of a member of the Group           | -       |        | 0.06    |        |
|        | ESVA Pumps India Private Limited                              |         | -      |         | 0.06   |
|        | Total                                                         | -       | -      | 0.06    | 0.06   |
| 3      | Carrying value of investment in equity shares                 |         |        |         |        |
|        | Associate or joint venture of a member of the Group           | -       |        | 4.41    |        |
|        | ESVA Pumps India Private Limited                              |         | -      |         | 4.41   |
|        | Total                                                         | -       | -      | 4.41    | 4.41   |

Transactions with related parties are inclusive of indirect taxes, wherever applicable.

The above figures do not include provision for gratuity and leave encashment, as actuarial valuation of such provision for the Key Management Personnel is included in the total provision for gratuity and leave encashment.

### Terms and conditions of transactions with related parties

Transactions entered into with related party are made in ordinary course of business and on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and interest free and the settlement occurs in cash and cash equivalents. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2025, the Group has not recorded any impairment of receivables relating to amounts owed by related parties **(31 March 2024: ₹ Nil)**. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

### Commitments with related parties

The Group has provided capital commitment of ₹ 0.45 Crores to the related parties as at 31 March 2025 **(31 March 2024: ₹ Nil)**.

### Transactions with key managerial personnel

Compensation of key managerial personnel of the Group

| ₹ in Crores                                           |             |             |
|-------------------------------------------------------|-------------|-------------|
| Particulars                                           | 2024-2025   | 2023-2024   |
| Short-term employee benefits                          | 5.35        | 9.18        |
| Post employment benefits                              | -           | -           |
| <b>Total compensation to key managerial personnel</b> | <b>5.35</b> | <b>9.18</b> |

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

The above figures do not include provision for leave encashment and gratuity, as actuarial valuation of such provision for the key managerial personnel is included in the total provision for gratuity and leave encashment.

## Notes to the Consolidated Financial Statements

### 6.10 Earnings Per Share (Basic and Diluted)

| Particulars                                                                                                         | 2024-2025    | 2023-2024    |
|---------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| Profit for the year attributable to owners of the Parent Company (₹ in Crores)                                      | 489.15       | 441.87       |
| Total number of equity shares at the end of the year<br>(One equity share of face value of ₹ 2 each fully paid up)  | 14,51,79,689 | 14,49,56,271 |
| Weighted average number of equity shares for the purpose of computing Basic earnings per share (number of shares)   | 14,50,88,686 | 14,48,60,218 |
| <b>Basic Earnings per share (in ₹)</b>                                                                              | <b>33.71</b> | <b>30.50</b> |
| <b>Effect of dilution</b>                                                                                           |              |              |
| Stock option granted under ESOP (number of shares)                                                                  | 3,10,964     | 4,15,652     |
| Adjustment to numerator on account of ESOP issued by subsidiary (₹ in crores)                                       | (0.67)       | 0.70         |
| Weighted average number of equity shares for the purpose of computing Diluted earnings per share (number of shares) | 14,53,99,650 | 14,52,75,870 |
| Net profit after tax and non-controlling interest for computing diluted EPS (₹ in crores)                           | 488.48       | 442.57       |
| <b>Diluted earnings per share (in ₹)</b>                                                                            | <b>33.60</b> | <b>30.46</b> |

Earnings per share are calculated in accordance with Indian Accounting Standard (Ind AS 33) "Earnings Per Share".

### 6.11 Fair value disclosures for financial assets and financial liabilities

The management believes that the fair values of non-current financial assets (e.g. investments at FVTPL, loans and others), current financial assets (e.g., cash and cash equivalents, trade and other receivables, loans), non-current financial liabilities and current financial liabilities (e.g. trade payables and other payables and others) approximate their carrying amounts.

The Group has performed a fair valuation of its material investment in unquoted ordinary shares other than subsidiary, which are classified as FVOCI or FVTPL (refer Note 3). For non-material investments, the Company believes that impact of change, if any, on account of fair value is insignificant.

Fair value of unquoted investment in Mutual fund is determined by reference to Net Asset Value ('NAV') available from respective Assets Management Companies ('AMC').

### 6.12 Fair value measurement hierarchy

#### a The following table provides the fair value measurement hierarchy of financial Instruments

₹ in Crores

| Particulars                          | Note   | Carrying Amount | Level of input used in |         |         |
|--------------------------------------|--------|-----------------|------------------------|---------|---------|
|                                      |        |                 | Level 1                | Level 2 | Level 3 |
| As at 31 March 2025                  |        |                 |                        |         |         |
| Financial assets                     |        |                 |                        |         |         |
| Investment at FVTPL                  |        |                 |                        |         |         |
| Mutual funds                         | 10 & 3 | 508.53          | -                      | 508.53  | -       |
| Alternative investment fund          | 10 & 3 | 39.90           | -                      | -       | 39.90   |
| Unquoted preference shares           | 3      | 0.00            | -                      | -       | 0.00    |
| Investments at FVOCI                 |        |                 |                        |         |         |
| Unquoted equity shares               | 3      | 0.94            | -                      | -       | 0.94    |
| Other financial assets at FVTPL      |        |                 |                        |         |         |
| Derivative assets                    | 15     | 1.76            | -                      | 1.76    | -       |
| Assets held for sale                 | 16     | -               | -                      | -       | -       |
| Financial liabilities                |        |                 |                        |         |         |
| Other financial liabilities at FVTPL |        |                 |                        |         |         |
| Derivative liabilities               | 30     | 0.02            | -                      | 0.02    | -       |
| As at 31 March 2024                  |        |                 |                        |         |         |
| Financial assets                     |        |                 |                        |         |         |
| Investment at FVTPL                  |        |                 |                        |         |         |
| Mutual funds                         | 10 & 3 | 388.34          | -                      | 388.34  | -       |



## Notes to the Consolidated Financial Statements

### 6.12 Fair value measurement hierarchy (Contd..)

₹ in Crores

| Particulars                                 | Note   | Carrying Amount | Level of input used in |         |         |
|---------------------------------------------|--------|-----------------|------------------------|---------|---------|
|                                             |        |                 | Level 1                | Level 2 | Level 3 |
| Alternative investment fund                 | 10 & 3 | 19.36           | -                      | -       | 19.36   |
| <b>Investments at FVOCI</b>                 |        |                 |                        |         |         |
| Unquoted equity shares                      | 3      | 1.20            | -                      | -       | 1.20    |
| <b>Other financial assets at FVTPL</b>      |        |                 |                        |         |         |
| Derivative assets                           | 15     | 0.50            | -                      | 0.50    | -       |
| <b>Financial liabilities</b>                |        |                 |                        |         |         |
| <b>Other financial liabilities at FVTPL</b> |        |                 |                        |         |         |
| Derivative liabilities                      | 30     | 0.45            | -                      | 0.45    | -       |

**b Significant unobservable inputs used in Level 3 fair value measurements and sensitivity of the fair value measurement to changes in unobservable inputs:**

**i Description of significant unobservable inputs used for financial instruments (Level 3) :**

Investment in equity shares of Kirloskar Management Services Private Limited (KMSPL) was valued using the Discounted Cash flow (Risk adjusted discount rate) valuation method.

**ii Relationship of unobservable inputs to Level 3 fair values :**

Equity investments - Unquoted

A 50 bps increase/decrease in the Perpetuity growth rate used while keeping all other variables constant, the carrying value of the shares would increase by ₹ 0.02 Crores (31 March 2024 : ₹. 0.05 Crores ) or decrease by ₹ 0.02 Crores (31 March 2024 : ₹ 0.05 Crores ) and a 50 bps increase/decrease in discounting factor used while keeping all other variables constant, the carrying value of the shares would decrease by ₹ 0.04 Crores (31 March 2024 : ₹ 0.05 Crores) or increase by ₹ 0.04 Crores (31 March 2024 : ₹ 0.05 Crores).

### 6.13 Financial instruments risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Group's operations and support its operations. The Group's principal financial assets include investments, loans, trade and other receivables, cash and short-term deposits and other financial assets that have been derived directly from its operations. The Group also enters into derivative transactions.

The Group's senior management oversee the management of the risks. The Audit Committee and Board review financial risks and the appropriate risk governance framework for the Group's financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors review and agree policies for managing each of the risks, which are summarised below :

**a Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings, deposits, Investments, trade and other receivables, trade and other payables and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at 31 March 2025 and 31 March 2024.

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity, pension and other post-retirement obligations and provisions.

The sensitivity of the relevant Statement of Profit and Loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2025 and 31 March 2024 including the effect of hedge accounting.

## Notes to the Consolidated Financial Statements

### 6.13 Financial instruments risk management objectives and policies (Contd..)

#### Interest rate risk

##### a. Exposure

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. The Group's exposure to changes in interest rates, excluding financial services business, relates primarily to the Group's outstanding floating rate debt. In respect of financial services business, for the debt on floating rate basis, there is a natural hedge with receivables. The interest rate sensitivity statement is prepared and reviewed by the management of the Susidiary company every month. The statement captures the duration of rate sensitive assets and liabilities of the Susidiary company. Any major gap between interest sensitive assets and liabilities is presented to the Asset Liability Committee (ALCO)

| Particulars                        | ₹ in Crores   |               |
|------------------------------------|---------------|---------------|
|                                    | 31 March 2025 | 31 March 2024 |
| Long term variable interest loans  | 2,602.21      | 1,399.13      |
| Short term variable interest loans | 1,521.76      | 1,219.57      |

##### b. Interest rate sensitivity

| Financial Year | Change in interest rate | ₹ in Crores                 |                          |
|----------------|-------------------------|-----------------------------|--------------------------|
|                |                         | Effect on profit before tax | Effect on pre-tax equity |
| 31 March 2025  | Increase 50 bps         | (20.34)                     | (20.34)                  |
|                | Decrease 50 bps         | 20.34                       | 20.34                    |
| 31 March 2024  | Increase 50 bps         | (12.97)                     | (12.97)                  |
|                | Decrease 50 bps         | 12.97                       | 12.97                    |

The sensitivity is calculated only in respect of floating interest rate loan. It is calculated by changing the interest rates by 50 bps keeping all other factors constant.

#### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

| Nature of exposure | Currency | Amounts in Foreign Currencies in 000's |               |
|--------------------|----------|----------------------------------------|---------------|
|                    |          | 31 March 2025                          | 31 March 2024 |
| Receivables        | USD      | 26,229.86                              | 24,599.33     |
|                    | EUR      | 9.45                                   | -             |
|                    | CHF      | -                                      | 0.12          |
| Payables           | USD      | 719.26                                 | 9,114.87      |
|                    | EUR      | 136.14                                 | 496.02        |
|                    | GBP      | 10.73                                  | 100.12        |
|                    | NPR      | 1,207.29                               | 1,434.02      |
|                    | CHF      | 1.88                                   | -             |
|                    | JPY      | -                                      | 6,942.20      |
|                    | BDT      | 1,016.94                               | 1,263.97      |

The Group manages its foreign currency risk by hedging transactions related to sales and purchases. This foreign currency risk is hedged by using foreign currency forward contracts. As on 31 March 2025 and 31 March 2024, the Group has hedged the following of its total foreign currency exposure

| Nature of exposure                   | Currency | Amounts in Foreign Currency |               |
|--------------------------------------|----------|-----------------------------|---------------|
|                                      |          | 31 March 2025               | 31 March 2024 |
| Foreign Currency - Forward Contracts | USD      | 2,24,40,000                 | 5,10,00,000   |

# Notes to the Consolidated Financial Statements

## 6.13 Financial instruments risk management objectives and policies (Contd..)

The Group has mark to market gain on forward currency forward contracts of ₹ 1.74 Crores (31 March 2024 : ₹ 0.04 Crores) .

### Foreign currency sensitivity on unhedged exposure

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The impact on the Group's pre-tax equity is due to changes in the Group's profit before tax. The Group's exposure to foreign currency changes for all other currencies is not material.

| As at         | Change in<br>USD rate | Effect on profit<br>before tax | ₹ in Crores              |
|---------------|-----------------------|--------------------------------|--------------------------|
|               |                       |                                | Effect on pre-tax equity |
| 31 March 2025 | +5%                   | 10.90                          | 10.90                    |
|               | -5%                   | (10.90)                        | (10.90)                  |
| 31 March 2024 | +5%                   | 7.52                           | 7.52                     |
|               | -5%                   | (7.52)                         | (7.52)                   |

| As at         | Change in<br>EUR rate | Effect on profit<br>before tax | ₹ in Crores              |
|---------------|-----------------------|--------------------------------|--------------------------|
|               |                       |                                | Effect on pre-tax equity |
| 31 March 2025 | +5%                   | (0.06)                         | (0.06)                   |
|               | -5%                   | 0.06                           | 0.06                     |
| 31 March 2024 | +5%                   | (0.22)                         | (0.22)                   |
|               | -5%                   | 0.22                           | 0.22                     |



### Commodity price risk

The Parent Company and one of its subsidiary is affected by the price volatility of certain commodities. Its operating activities require the on-going purchase and manufacture of engines, pumps & motors and therefore require a continuous supply of iron, copper and steel. However, the Parent and one of its subsidiary being the indirect user of these commodities, volatility in price of such commodity does not have direct or immediate impact on the profitability of the Group. Hence, the Group does not foresee any direct or immediate risk with respect to such commodity price fluctuation.

### Other price risk

The Group's portfolio of investments mainly consists of debt mutual fund with short term maturity. Hence management believes that this portfolio is not significantly susceptible to market risk.

## b Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

One of the subsidiary company of Arka Financial Holding Private Limited being a NBFC is subject to credit risk in terms of non-recovery of interest as well as principal amount of the money lent by the company to its customers. Such risk can arise due to inadequate documentation or evaluation of the borrower, default by the existing borrowers, external factors such as political volatility in the region of exposure concentration, amongst many other factors leading to loss of revenue. The NBFC has set up a Credit Committee for approval of the lending in both Retail Operations and Wholesale lending, the decision by the Credit Committee shall be binding on the Business Department. The Credit Committee is empowered to deploy, monitor, manage the funds of the NBFC in terms of its charter as approved by the Board of NBFC.

### Mitigation:

- The NBFC has formed a Credit procedures and policy to address the risk.
- Continuous monitoring mechanism is developed by adopting various checks and controls in the processess.
- The NBFC has set up a Credit Committee for approval of the lending in both Retail Operations and Wholesale lending, the decision by the Credit Committee shall be binding on the Business Department. The Credit Committee is empowered to deploy, monitor, manage the funds of the Group in terms of its charter as approved by the Board if the Group.

## Notes to the Consolidated Financial Statements

### 6.13 Financial instruments risk management objectives and policies (Contd..)

#### Trade receivables

Receivables are reviewed, managed and controlled for each class of customers separately. Credit exposure risk is mainly influenced by class/type of customers, depending upon their characteristics. Credit risk is managed through credit approval process by establishing credit limits along with continuous monitoring of credit worthiness of customers to whom credit terms are granted. Wherever required, credit risk of receivables is further covered through letter of credit, bank guarantee, business deposits and such other forms of credit assurance schemes.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are combined into homogenous category and assessed for impairment collectively. The calculation is based on actual incurred historical data. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are spread over vast spectrum.

The Parent Company consistently recognizes provision for any significantly delayed receivables, for accounting of expected credit losses. With respect to the provision made for receivables against sales of Gensets to a specific customer made in prior years, the (income) or expense in the Statement of Profit & Loss for the year ending **31 March 2025** was **₹ (41.47) Crores [₹ 13.38 Crores for FY 2023-2024]**. The provision for doubtful debts and advances of ₹ 41.47 Crores relating to the aforesaid receivables as at 31 March 2024 was fully reversed on account of receipt of payment from the customer during the current year.

#### Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made as per the approved investment policy. Investment limits are set to minimise the concentration of risks and therefore mitigate financial loss if any.

#### c Liquidity risk



The Group monitors its risk of a shortage of funds using a liquidity planning tool.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The risk arises due to asset liability mismatch. The inadequacy of the NBFC subsidiary in increasing its asset base, managing any unplanned changes in funding sources and meeting the financial commitments when required may result in non-liquidity.

#### Mitigation:

- NBFC has Asset Liability Management Policy in line with the RBI guidelines.
- The Asset Liability Management Committee (ALCO) is responsible for managing the risk arising out of exposures to interest rate changes and mismatches between assets and liabilities.

#### Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels.

## Notes to the Consolidated Financial Statements

### 6.13 Financial instruments risk management objectives and policies (Contd..)

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

|                             |                                |              |                 |                      |                   |                   | ₹ in Crores     |
|-----------------------------|--------------------------------|--------------|-----------------|----------------------|-------------------|-------------------|-----------------|
| Particulars                 | Carrying amount as at year end | On demand    | upto 3 months   | > 3 months to 1 year | 1 year to 5 years | More than 5 years | Total           |
| <b>31 March 2025</b>        |                                |              |                 |                      |                   |                   |                 |
| Interest bearing borrowings | 5,760.83                       | 30.00        | 486.64          | 1,491.72             | 3,157.12          | 595.35            | 5,760.83        |
| Other financial liabilities | 439.13                         | 23.36        | 345.55          | 55.89                | 0.27              | 14.06             | 439.13          |
| Lease liabilities           | 57.70                          | -            | 6.43            | 19.21                | 34.03             | 2.74              | 62.40           |
| Trade payables              | 708.31                         | 6.69         | 699.58          | 2.04                 | -                 | -                 | 708.31          |
| <b>Total</b>                | <b>6,965.97</b>                | <b>60.05</b> | <b>1,538.19</b> | <b>1,568.86</b>      | <b>3,191.42</b>   | <b>612.15</b>     | <b>6,970.67</b> |
| <b>31 March 2024</b>        |                                |              |                 |                      |                   |                   |                 |
| Interest bearing borrowings | 4,124.68                       | 56.54        | 376.40          | 1,704.06             | 1,900.14          | 87.54             | 4,124.68        |
| Other financial liabilities | 378.90                         | 20.64        | 323.31          | 18.61                | 0.24              | 16.26             | 378.90          |
| Lease liabilities           | 17.16                          | -            | 3.19            | 6.46                 | 7.56              | -                 | 17.21           |
| Trade payables              | 794.27                         | -            | 775.42          | 17.13                | 1.19              | 0.37              | 794.27          |
| <b>Total</b>                | <b>5,315.01</b>                | <b>77.18</b> | <b>1,478.32</b> | <b>1,746.26</b>      | <b>1,909.13</b>   | <b>104.17</b>     | <b>5,315.06</b> |

#### d Operational risk

Operational risk is the risk arising out of failure of internal process, people and systems put in place by the Group. Such risk may also arise out of the external factors as well as internal control system failure defeating the core objective of the Group operations.

##### Mitigation:



- The NBFC cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include maker-checker controls, effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

#### e Strategic risk

The risk arising out of non-responsiveness of business in adapting to internal as well as external environment. Such risk arises when the business strategies are not flexible to factor in the macro factors.

##### Mitigation:

- The Board and Risk Committee of NBFC are made ultimate responsible authorities in order to ensure that the risk in the organization are mitigated as well as monitored.
- The Risk/ALCO committee of NBFC are given responsibility of recommending the changes in the risk appetite of the NBFC.

### 6.14 Capital management

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2025 and 31 March 2024.



## Notes to the Consolidated Financial Statements

### 6.15 Leases

#### a. Lessee accounting

##### Lease liabilities movement

| Particulars                                      | ₹ in Crores            |                        |
|--------------------------------------------------|------------------------|------------------------|
|                                                  | As at<br>31 March 2025 | As at<br>31 March 2024 |
| Lease liability at beginning of the year         | 17.16                  | 13.90                  |
| Add : Lease liability recognised during the year | 61.35                  | 13.49                  |
| Add: Interest on lease liability                 | 3.64                   | 1.96                   |
| Less: Lease rental payments                      | (22.70)                | (11.23)                |
| Less : Lease derecognised during the year        | (1.76)                 | (0.96)                 |
| <b>Lease liability at the end of the year</b>    | <b>57.69</b>           | <b>17.16</b>           |

##### Total cash outflow for leases

| Particulars                                                                                     | ₹ in Crores            |                        |
|-------------------------------------------------------------------------------------------------|------------------------|------------------------|
|                                                                                                 | As at<br>31 March 2025 | As at<br>31 March 2024 |
| Short term leases and low-value asset leases not included in the measurement of the liabilities | 16.13                  | 30.13                  |
| <b>Total</b>                                                                                    | <b>16.13</b>           | <b>30.13</b>           |

#### b. Lessor accounting

The Parent Company is a lessor in the operating lease. The subject of these transactions is primarily aircraft leasing. There is definitive binding agreement between lessor and lessee defining rights and obligation with respect to underlying assets which in substance mitigates the Parent Company's risk.

Property, Plant and equipment provided on operating lease as at 31 March 2025 and 31 March 2024 are as follows:

| Particulars                             | ₹ in Crores   |               |
|-----------------------------------------|---------------|---------------|
|                                         | 31 March 2025 | 31 March 2024 |
| Opening gross block                     | 27.45         | 25.88         |
| Addition                                | -             | 1.57          |
| Deduction*                              | (27.45)       | -             |
| <b>Closing gross block</b>              | <b>-</b>      | <b>27.45</b>  |
| Opening accumulated depreciation        | 25.46         | 24.61         |
| Depreciation for the year               | 0.93          | 0.83          |
| Deduction                               | (26.39)       | -             |
| <b>Closing accumulated depreciation</b> | <b>-</b>      | <b>25.44</b>  |
| <b>Net Block</b>                        | <b>-</b>      | <b>2.01</b>   |

Lease income generated during the year is ₹ 0.92 Crores (31 March 24: ₹ 0.81 Crores).

\*During the financial year ended 31 March 2025, the Parent Company sold an aircraft that was previously subject to an operating lease agreement. The asset was disposed off for a total consideration of ₹ 21.98 Crores, the net profit arising on sale of this aircraft is ₹ 20.90 Crores.

### 6.16 Employee stock option plans (ESOP)

#### 6.16.1 ESOP issued by Parent Company

The Parent Company provides share-based employee benefits to its employees and its subsidiaries. The relevant details of the schemes and the grant are as below.

##### Description of share-based payment arrangements

As at 31 March 2025, the Parent Company has the following share-based payment arrangements

## Notes to the Consolidated Financial Statements

### 6.16 Employee stock option plans (ESOP) (Contd..)

#### Share option plans (equity settled)

According to the Scheme, the employee selected by the Nomination and Remuneration Committee from time to time will be entitled to options, subject to satisfaction of the prescribed vesting conditions. The Option may be exercised within a specified period.

The Employees Stock Option Plan 2019 – (KOEL ESOP 2019) was approved by the shareholders of the Parent Company in AGM conducted on 9 August 2019 for issue of maximum 14,00,000 options representing 14,00,000 equity shares of ₹ 2/- each. Pursuant to the said approvals and authority delegated by the Board and Shareholders of the Company, the Nomination and Remuneration Committee of the Board of Directors of the Company in its meeting held on 5 March 2021 had approved the grant of 9,40,000 employee stock options ("Options") to eligible employees of the Parent Company. Each option shall carry the right to be issued one fully paid up equity share of ₹ 2/- each.

The Members of the Parent Company at the Annual General Meeting of Kirloskar Oil Engines Limited held on 12 August 2021, passed a resolution amending the Kirloskar Oil Engines Limited – Employee Stock Option Plan 2019 in terms of coverage of the KOEL ESOP 2019 to the eligible employees of its subsidiary company, in or out of India except such subsidiary company(ies) which are formed and engaged in financial service business.

During the earlier years, the Nomination and Remuneration Committee of the Board of Directors of the Parent Company in its meeting held on 27 October 2021, 18 May 2022 and 10 August 2023 had approved the grant of 50,000 employee stock options, 275,000 employee stock options and 1,35,000 employee stock options to the eligible employees of subsidiary company viz. La-Gajjar Machineries Private Limited and to the eligible employees of the Parent Company respectively in terms of 'Kirloskar Oil Engines Limited - Employee Stock Option Plan 2019 - Amended ("KOEL ESOP 2019") and the special resolutions passed by the Members of the Parent Company at the Annual General Meeting held on 9 August 2019 and 12 August 2021. Each option shall carry the right to be issued one fully paid up equity share of ₹ 2/- each.

The Nomination and Remuneration Committee of the Board of Directors of the Parent Company in its meeting held on 7 August 2024 has approved the grant of 4,63,367 employee stock options to the eligible employees of the Parent Company and the subsidiary company viz. La-Gajjar Machineries Private Limited in terms of 'Kirloskar Oil Engines Limited - Employee Stock Option Plan 2019 ("KOEL ESOP 2019") and the special resolutions passed by the Members of the Company at the Annual General Meeting held on 9 August 2019 and 12 August 2021.

#### a. Details of the ESOP

| Particulars                             | KOEL ESOP 2019                                                                                                                                |                                                                                                                                               |                                                                                                                                               |
|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
|                                         | KOEL Employees (Tranche I)                                                                                                                    | LGM Employees (Tranche I)                                                                                                                     | KOEL Employees (Tranche II)                                                                                                                   |
| Date of Grants                          | 5 March 2021                                                                                                                                  | 27 October 2021                                                                                                                               | 18 May 2022                                                                                                                                   |
| Vesting Requirements                    | Vest not earlier than one year and not later than four years from the date of grant of such options.                                          | Vest not earlier than one year and not later than four years from the date of grant of such options.                                          | Vest not earlier than one year and not later than four years from the date of grant of such options.                                          |
| Maximum term of Options granted (years) | The Employee stock options granted shall be capable of being exercised within a period being not more than two years from the date of vesting | The Employee stock options granted shall be capable of being exercised within a period being not more than two years from the date of vesting | The Employee stock options granted shall be capable of being exercised within a period being not more than two years from the date of vesting |
| Method of Settlement                    | Equity                                                                                                                                        | Equity                                                                                                                                        | Equity                                                                                                                                        |
| Method used for accounting of Options   | Fair value method                                                                                                                             | Fair value method                                                                                                                             | Fair value method                                                                                                                             |

## Notes to the Consolidated Financial Statements

### 6.16 Employee stock option plans (ESOP) (Contd..)

| Particulars                             | KOEL ESOP 2019                                                                                                                                |                                                                                                                                               |                                                                                                                                               |
|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
|                                         | KOEL Employees (Tranche III)                                                                                                                  | KOEL Employees (Tranche IV)                                                                                                                   | LGM Employees (Tranche II)                                                                                                                    |
| Date of Grants                          | 10 August 2023                                                                                                                                | 7 August 2024                                                                                                                                 | 7 August 2024                                                                                                                                 |
| Vesting Requirements                    | Vest not earlier than one year and not later than four years from the date of grant of such options.                                          | Vest not earlier than one year and not later than four years from the date of Grant of such Options.                                          | Vest not earlier than one year and not later than four years from the date of Grant of such Options.                                          |
| Maximum term of Options granted (years) | The Employee stock options granted shall be capable of being exercised within a period being not more than two years from the date of vesting | The Employee stock options granted shall be capable of being exercised within a period being not more than two years from the date of vesting | The Employee stock options granted shall be capable of being exercised within a period being not more than two years from the date of vesting |
| Method of Settlement                    | Equity                                                                                                                                        | Equity                                                                                                                                        | Equity                                                                                                                                        |
| Method used for accounting of Options   | Fair value method                                                                                                                             | Fair value method                                                                                                                             | Fair value method                                                                                                                             |

#### b. Option Movement during the year ended 31 March 2025 and 31 March 2024

Grant dated 5 March 2021 (KOEL Employees)

| Particulars                                                                                                             | 31 March 2025   |                                   |                                                     | 31 March 2024   |                                   |                                                     |
|-------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------------------------|-----------------------------------------------------|-----------------|-----------------------------------|-----------------------------------------------------|
|                                                                                                                         | No. of Options  | Weighted average exercise price ₹ | Weighted average remaining contractual life (Years) | No. of Options  | Weighted average exercise price ₹ | Weighted average remaining contractual life (Years) |
| Outstanding at the beginning of the year                                                                                | 2,52,699        | -                                 | 2.24                                                | 4,64,424        | -                                 | 2.62                                                |
| Pending allotment as at the beginning of the year                                                                       | 39,089          | -                                 | NA                                                  | 7,194           | -                                 | NA                                                  |
| Granted during the year                                                                                                 | -               | -                                 | NA                                                  | -               | -                                 | NA                                                  |
| Forfeited/Lapsed during the year                                                                                        | 32,158          | -                                 | NA                                                  | 49,220          | -                                 | NA                                                  |
| Exercised and allotted during the year (including options exercised but pending allotment at the beginning of the year) | 1,20,258        | 103.14                            | NA                                                  | 1,30,610        | 103.14                            | NA                                                  |
| Exercised and pending allotment                                                                                         | 30,868          | -                                 | NA                                                  | 39,089          | -                                 | NA                                                  |
| <b>Outstanding at the end of the year</b>                                                                               | <b>1,08,504</b> | <b>1.66</b>                       | <b>1.66</b>                                         | <b>2,52,699</b> | <b>1.66</b>                       | <b>2.24</b>                                         |
| Exercisable at the end of the year                                                                                      | 1,08,504        | -                                 | 1.66                                                | 1,35,305        | -                                 | 1.64                                                |

Grant dated 27 October 2021 (LGM Employees)

| Particulars                                                                                                             | 31 March 2025  |                                   |                                                     | 31 March 2024  |                                   |                                                     |
|-------------------------------------------------------------------------------------------------------------------------|----------------|-----------------------------------|-----------------------------------------------------|----------------|-----------------------------------|-----------------------------------------------------|
|                                                                                                                         | No. of Options | Weighted average exercise price ₹ | Weighted average remaining contractual life (Years) | No. of Options | Weighted average exercise price ₹ | Weighted average remaining contractual life (Years) |
| Outstanding at the beginning of the year                                                                                | 21,875         | -                                 | 2.66                                                | 31,150         | -                                 | 3.33                                                |
| Pending allotment as at the beginning of the year                                                                       | -              | -                                 | NA                                                  | -              | -                                 | NA                                                  |
| Granted during the year                                                                                                 | -              | -                                 | NA                                                  | -              | -                                 | NA                                                  |
| Forfeited/Lapsed during the year                                                                                        | 4,975          | -                                 | NA                                                  | 2,175          | -                                 | NA                                                  |
| Exercised and allotted during the year (including options exercised but pending allotment at the beginning of the year) | 9,150          | 128.88                            | NA                                                  | 7,100          | 128.88                            | NA                                                  |
| Exercised and pending allotment                                                                                         | 50             | -                                 | NA                                                  | -              | -                                 | NA                                                  |
| <b>Outstanding at the end of the year</b>                                                                               | <b>7,700</b>   | <b>2.39</b>                       | <b>2.39</b>                                         | <b>21,875</b>  | <b>2.39</b>                       | <b>2.66</b>                                         |
| Exercisable at the end of the year                                                                                      | 1,125          | -                                 | 1.35                                                | 5,125          | -                                 | 1.30                                                |

## Notes to the Consolidated Financial Statements

### 6.16 Employee stock option plans (ESOP) (Contd..)

Grant dated 18 May 2022 (KOEL Employees)

| Particulars                                                                                                             | 31 March 2025  |                                   |                                                     | 31 March 2024   |                                   |                                                     |
|-------------------------------------------------------------------------------------------------------------------------|----------------|-----------------------------------|-----------------------------------------------------|-----------------|-----------------------------------|-----------------------------------------------------|
|                                                                                                                         | No. of Options | Weighted average exercise price ₹ | Weighted average remaining contractual life (Years) | No. of Options  | Weighted average exercise price ₹ | Weighted average remaining contractual life (Years) |
| Outstanding at the beginning of the year                                                                                | 1,54,471       |                                   | 2.80                                                | 2,70,000        |                                   | 3.31                                                |
| Pending allotment as at the beginning of the year                                                                       | 1,070          |                                   | NA                                                  | -               |                                   | NA                                                  |
| Granted during the year                                                                                                 | -              |                                   | NA                                                  | -               |                                   | NA                                                  |
| Forfeited/Lapsed during the year                                                                                        | 17,500         |                                   | NA                                                  | 40,000          |                                   | NA                                                  |
| Exercised and allotted during the year (including options exercised but pending allotment at the beginning of the year) | 61,135         | 87.93                             | NA                                                  | 74,459          | 87.93                             | NA                                                  |
| Exercised and pending allotment at the end of the year                                                                  | 799            |                                   | NA                                                  | 1,070           |                                   | NA                                                  |
| <b>Outstanding at the end of the year</b>                                                                               | <b>76,107</b>  |                                   | <b>2.41</b>                                         | <b>1,54,471</b> |                                   | <b>2.80</b>                                         |
| Exercisable at the end of the year                                                                                      | 9,440          |                                   | 0.94                                                | 14,887          |                                   | 1.13                                                |

Grant dated 10 August 2023 (KOEL Employees)

| Particulars                                                                                                             | 31 March 2025   |                                   |                                                     | 31 March 2024   |                                   |                                                     |
|-------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------------------------|-----------------------------------------------------|-----------------|-----------------------------------|-----------------------------------------------------|
|                                                                                                                         | No. of Options  | Weighted average exercise price ₹ | Weighted average remaining contractual life (Years) | No. of Options  | Weighted average exercise price ₹ | Weighted average remaining contractual life (Years) |
| Outstanding at the beginning of the year                                                                                | 1,35,000        |                                   | 3.86                                                | -               |                                   | NA                                                  |
| Pending allotment as at the beginning of the year                                                                       | -               |                                   | NA                                                  | -               |                                   | NA                                                  |
| Granted during the year                                                                                                 | -               |                                   | NA                                                  | 1,35,000        |                                   | NA                                                  |
| Forfeited/Lapsed during the year                                                                                        | -               |                                   | NA                                                  | -               |                                   | NA                                                  |
| Exercised and allotted during the year (including options exercised but pending allotment at the beginning of the year) | 32,875          | 267.36                            | NA                                                  | -               | 267.36                            | NA                                                  |
| Exercised and pending allotment at the end of the year                                                                  | -               |                                   | NA                                                  | -               |                                   | NA                                                  |
| <b>Outstanding at the end of the year</b>                                                                               | <b>1,02,125</b> |                                   | <b>3.35</b>                                         | <b>1,35,000</b> |                                   | <b>3.86</b>                                         |
| Exercisable at the end of the year                                                                                      | 875             |                                   | 1.36                                                | -               |                                   | -                                                   |

## Notes to the Consolidated Financial Statements

### 6.16 Employee stock option plans (ESOP) (Contd..)

Grant dated 7 August 2024 (KOEL Employees)

| Particulars                                                                                                             | 31 March 2025   |                                   |                                                     | 31 March 2024  |                                   |                                                     |
|-------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------------------------|-----------------------------------------------------|----------------|-----------------------------------|-----------------------------------------------------|
|                                                                                                                         | No. of Options  | Weighted average exercise price ₹ | Weighted average remaining contractual life (Years) | No. of Options | Weighted average exercise price ₹ | Weighted average remaining contractual life (Years) |
| Outstanding at the beginning of the year                                                                                | -               |                                   | NA                                                  | -              |                                   | NA                                                  |
| Pending allotment as at the beginning of the year                                                                       | -               |                                   | NA                                                  | -              |                                   | NA                                                  |
| Granted during the year                                                                                                 | 4,51,367        |                                   | NA                                                  | -              |                                   | NA                                                  |
| Forfeited/Lapsed during the year                                                                                        | -               |                                   | NA                                                  | -              |                                   | NA                                                  |
| Exercised and allotted during the year (including options exercised but pending allotment at the beginning of the year) | -               | 656.67                            | NA                                                  | -              | -                                 | NA                                                  |
| Exercised and pending allotment at the end of the year                                                                  | -               |                                   | NA                                                  | -              |                                   | NA                                                  |
| <b>Outstanding at the end of the year</b>                                                                               | <b>4,51,367</b> |                                   | <b>3.83</b>                                         | <b>-</b>       |                                   | <b>NA</b>                                           |
| Exercisable at the end of the year                                                                                      | -               |                                   | -                                                   | -              |                                   | NA                                                  |

Grant dated 7 August 2024 (LGM Employees)

| Particulars                                                                                                             | 31 March 2025  |                                   |                                                     | 31 March 2024  |                                   |                                                     |
|-------------------------------------------------------------------------------------------------------------------------|----------------|-----------------------------------|-----------------------------------------------------|----------------|-----------------------------------|-----------------------------------------------------|
|                                                                                                                         | No. of Options | Weighted average exercise price ₹ | Weighted average remaining contractual life (Years) | No. of Options | Weighted average exercise price ₹ | Weighted average remaining contractual life (Years) |
| Outstanding at the beginning of the year                                                                                | -              |                                   | NA                                                  | -              |                                   | NA                                                  |
| Pending allotment as at the beginning of the year                                                                       | -              |                                   | NA                                                  | -              |                                   | NA                                                  |
| Granted during the year                                                                                                 | 12,000         |                                   | NA                                                  | -              |                                   | NA                                                  |
| Forfeited/Lapsed during the year                                                                                        | -              |                                   | NA                                                  | -              |                                   | NA                                                  |
| Exercised and allotted during the year (including options exercised but pending allotment at the beginning of the year) | -              | 656.67                            | NA                                                  | -              | -                                 | NA                                                  |
| Exercised and pending allotment at the end of the year                                                                  | -              |                                   | NA                                                  | -              |                                   | NA                                                  |
| <b>Outstanding at the end of the year</b>                                                                               | <b>12,000</b>  |                                   | <b>3.86</b>                                         | <b>-</b>       |                                   | <b>NA</b>                                           |
| Exercisable at the end of the year                                                                                      | -              |                                   | -                                                   | -              |                                   | NA                                                  |



## Notes to the Consolidated Financial Statements

### 6.16 Employee stock option plans (ESOP) (Contd..)

#### c. Significant assumptions used to estimate the fair value of options:

| Variables                                                                      | KOEL<br>Employees<br>(Tranche I) | KOEL<br>Employees<br>(Tranche II) | KOEL<br>Employees<br>(Tranche III) | KOEL<br>Employees<br>(Tranche IV) | LGM<br>Employees<br>(Tranche I) | LGM<br>Employees<br>(Tranche II) |
|--------------------------------------------------------------------------------|----------------------------------|-----------------------------------|------------------------------------|-----------------------------------|---------------------------------|----------------------------------|
| 1. Risk free interest rate                                                     | 5.22%                            | 6.66%                             | 6.99%                              | 6.71%                             | 5.16%                           | 6.71%                            |
| 2. Expected life (in years)                                                    | 3.44                             | 3.50                              | 3.51                               | 3.50                              | 3.50                            | 3.50                             |
| 3. Expected volatility                                                         | 37.85%                           | 40.93%                            | 44.42%                             | 44.05%                            | 39.66%                          | 44.05%                           |
| 4. Dividend yield                                                              | 1.88%                            | 2.25%                             | 2.40%                              | 2.20%                             | 2.00%                           | 2.20%                            |
| 5. Price of the underlying share in market at the time of the option grant (₹) | 171.90                           | 146.55                            | 445.60                             | 1,094.45                          | 214.80                          | 1,094.45                         |
| 6. Model used                                                                  | Black<br>Scholes                 | Black<br>Scholes                  | Black<br>Scholes                   | Black<br>Scholes                  | Black<br>Scholes                | Black<br>Scholes                 |

#### d. Options vested but not exercised

| Grant Date      | 31 March 2025 | 31 March 2024 |
|-----------------|---------------|---------------|
| 5 March 2021    | 1,08,504      | 1,35,305      |
| 27 October 2021 | 1,125         | 5,125         |
| 18 May 2022     | 9,440         | 14,887        |
| 10 August 2023  | 875           | -             |
| 7 August 2024   | -             | -             |

#### e. Weighted average remaining contractual life of outstanding options (in years)

| Particulars                                                                      | KOEL<br>Employees<br>(Tranche I) | KOEL<br>Employees<br>(Tranche II) | KOEL<br>Employees<br>(Tranche III) | KOEL<br>Employees<br>(Tranche IV) | LGM<br>Employees<br>(Tranche I) | LGM<br>Employees<br>(Tranche II) |
|----------------------------------------------------------------------------------|----------------------------------|-----------------------------------|------------------------------------|-----------------------------------|---------------------------------|----------------------------------|
| The weighted average contractual life of options outstanding as on 31 March 2025 | 1.66                             | 2.41                              | 3.35                               | 3.83                              | 2.39                            | 3.86                             |
| The weighted average contractual life of options exercisable as on 31 March 2025 | 1.66                             | 0.94                              | 1.36                               | -                                 | 1.35                            | -                                |

#### f. Effect of share-based payment transactions on the Parent Company's Profit or Loss for the period:

| Particulars                                           | 31 March 2025 | 31 March 2024 |
|-------------------------------------------------------|---------------|---------------|
| Share based payment to employees                      | 8.22          | 1.79          |
| Total ESOP reserve outstanding at the end of the year | 10.29         | 4.24          |

₹ in Crores

**Note :** For the options granted to employees of subsidiary company, the Parent Company has recovered the cost from the subsidiary company. During the year, the Parent Company received ₹ 0.10 Crores (31 March 2024 : ₹ 0.10 Crores) against the receivable accrued for cost recovery.

### 6.16.2 ESOP issued by subsidiaries

The step-down subsidiary Arka Fincap Limited provides share based employee benefits to the employees. The relevant details of the schemes and the grant are as below.

#### Description of share based payment arrangements

As at 31 March 2025, the step-down subsidiary company has the following share based payment arrangements:

## Notes to the Consolidated Financial Statements

### 6.16 Employee stock option plans (ESOP) (Contd..)

#### Share option plans (equity settled)

According to the Schemes, the employee selected by the Nomination and remuneration committee from time to time will be entitled to options, subject to satisfaction of the prescribed vesting conditions. The Option may be exercised within a specified period.

The Plan was approved by step-down subsidiary's Board of Directors on 24 April 2019 and by the shareholders in EGM dated 2 May 2019 for issue of 5,00,00,000 options representing 5,00,00,000 equity shares of ₹ 10 each. Pursuant to the said approvals and authority delegated by the Board and Shareholders of the step-down subsidiary company, the Nomination and Remuneration Committee had made grants, the details of the same are produced in the below table.

#### a. Details of the ESOP

| Particulars                             | ESOP Grant 1                                                                                                                                                                                                                                                         | ESOP Grant 2    | ESOP Grant 3    | ESOP Grant 4 | ESOP Grant 5 | ESOP Grant 6 |
|-----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|--------------|--------------|--------------|
| ESOP Plan/Scheme                        | ESOP - 2019                                                                                                                                                                                                                                                          | ESOP - 2019     | ESOP - 2019     | ESOP - 2019  | ESOP - 2019  | ESOP - 2019  |
| Date of Grants                          | 6 May 2019                                                                                                                                                                                                                                                           | 1 November 2019 | 2 November 2020 | 18 July 2022 | 7 June 2023  | 26 June 2023 |
| Vesting Requirements                    | Vesting Criteria is specified for each Option Holder by the Nomination and Remuneration Committee at the time of grant of Options.                                                                                                                                   |                 |                 |              |              |              |
| Maximum term of Options granted (years) | Vesting period of option vary from employee to employee or class of employees. the maximum vesting period of option is five years from the date of grant of option. Options shall be capable of being exercised within a period of 6 years from the Date of Vesting. |                 |                 |              |              |              |
| Method of Settlement                    | Equity                                                                                                                                                                                                                                                               |                 |                 |              |              |              |
| Method used for accounting of Options   | Fair value method                                                                                                                                                                                                                                                    |                 |                 |              |              |              |

#### b. Option movement during the year ended 31 March 2025

| Particulars                                                                              | ESOP Grant 1       | ESOP Grant 2     | ESOP Grant 3    | ESOP Grant 4     | ESOP Grant 5     | ESOP Grant 6 |
|------------------------------------------------------------------------------------------|--------------------|------------------|-----------------|------------------|------------------|--------------|
| No. of Options outstanding at the beginning of the year                                  | 2,06,50,000        | 12,50,000        | 3,25,000        | 99,50,000        | 45,20,000        | 2,00,000     |
| Options granted during the year                                                          | -                  | -                | -               | -                | -                | -            |
| Options forfeited/lapsed during the year                                                 | 5,00,000           | -                | -               | 36,90,000        | 19,00,000        | 2,00,000     |
| Options exercised during the year                                                        | -                  | -                | -               | -                | -                | -            |
| <b>No. of Options outstanding at the end of the year</b>                                 | <b>2,01,50,000</b> | <b>12,50,000</b> | <b>3,25,000</b> | <b>62,60,000</b> | <b>26,20,000</b> | <b>-</b>     |
| No. of Options exercisable at the end of the year                                        | 2,01,50,000        | 12,50,000        | 3,25,000        | 53,30,000        | 11,08,000        | -            |
| The weighted average share price of shares exercised during the year ended 31 March 2025 | NA                 | NA               | NA              | NA               | NA               | NA           |

## Notes to the Consolidated Financial Statements

### 6.16 Employee stock option plans (ESOP) (Contd..)

#### Option movement during the year ended 31 March 2024

| Particulars                                                                              | ESOP Grant 1       | ESOP Grant 2     | ESOP Grant 3    | ESOP Grant 4     | ESOP Grant 5     | ESOP Grant 6    |
|------------------------------------------------------------------------------------------|--------------------|------------------|-----------------|------------------|------------------|-----------------|
| No. of Options outstanding at the beginning of the year                                  | 2,06,50,000        | 12,50,000        | 3,25,000        | 99,50,000        | -                | -               |
| Options granted during the year                                                          | -                  | -                | -               | -                | 45,20,000        | 2,00,000        |
| Options forfeited/lapsed during the year                                                 | -                  | -                | -               | -                | -                | -               |
| Options exercised during the year                                                        | -                  | -                | -               | -                | -                | -               |
| <b>No. of Options outstanding at the end of the year</b>                                 | <b>2,06,50,000</b> | <b>12,50,000</b> | <b>3,25,000</b> | <b>99,50,000</b> | <b>45,20,000</b> | <b>2,00,000</b> |
| No. of Options exercisable at the end of the year                                        | 2,06,50,000        | 12,50,000        | 1,95,000        | 39,80,000        | -                | -               |
| The weighted average share price of shares exercised during the year ended 31 March 2024 | NA                 | NA               | NA              | NA               | NA               | NA              |

#### c. Weighted average remaining contractual life of outstanding options (in years)

##### As at 31 March 2025

| Particulars                                         | ESOP Grant 1 | ESOP Grant 2 | ESOP Grant 3 | ESOP Grant 4 | ESOP Grant 5 | ESOP Grant 6 |
|-----------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Range of Exercise Price (₹ per share)               | 10.00        | 10.00        | 11.00        | 12.00        | 12.75        | 12.75        |
| No. of Options outstanding at the end of the year   | 2,01,50,000  | 12,50,000    | 3,25,000     | 62,60,000    | 26,20,000    | -            |
| Contractual Life: Granted but not vested (in years) | -            | -            | -            | 1.00         | 1.60         | -            |

#### d. Method and assumptions used to estimate the fair value of options granted:

The fair value has been calculated using the Black Scholes Option Pricing model.

The assumptions used in the model are as follows:

| Particulars                                   | ESOP Grant 1 | ESOP Grant 2 | ESOP Grant 3 | ESOP Grant 4 | ESOP Grant 5 | ESOP Grant 6 |
|-----------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Risk free interest rate                       | 7.40%        | 6.60%        | 5.80%        | 7.17%        | 6.84%        | 6.95%        |
| Weighted average expected life (in years)     | 6            | 7            | 7            | 5            | 5            | 5            |
| Expected volatility                           | 1.00%        | 1.00%        | 1.00%        | 19.45%       | 19.67%       | 19.45%       |
| Weighted average exercise price (₹ per share) | 10.00        | 10.00        | 11.00        | 12.00        | 12.75        | 12.75        |

#### e. Effect of share based payment transactions on the entity's Statement of Profit and Loss for the year:

₹ in Crores

| Particulars                                             | 31 March 2025 | 31 March 2024 |
|---------------------------------------------------------|---------------|---------------|
| Employee share based expenses                           | 0.73          | 2.13          |
| Total ESOP reserve outstanding at the end of the period | 10.63         | 11.41         |

## Notes to the Consolidated Financial Statements

### 6.17 Acquisitions (Business combination)

- The Board of Directors of the Subsidiary Company viz. La-Gajjar Machineries Private Limited (LGM) in its meeting held on 30 August 2024 approved the participation for the buyback offer of 22,38,506 fully paid-up equity shares at a price of ₹13 per equity share (Face Value of ₹10 per share) of ESVA Pumps India Private Limited (ESVA) to the extent of the LGM's entitlement and equity shares renounced by other shareholders of ESVA, as per the terms and conditions mentioned in the 'Letter of Offer' dated 28 August 2024 issued by ESVA to LGM. Accordingly, 22,38,506 fully paid-up equity shares were bought back by ESVA from LGM and the consideration amount of ₹2.91 Crores was received by LGM on 6 September 2024.

Further the Board of Directors of LGM in its meeting held on 28 September 2024 approved the termination of Joint Venture arrangement with ESVA Pumps India Private Limited. Pursuant to the Joint Venture Termination Agreement balance stake held by LGM in ESVA was sold to the Promoters of ESVA for consideration amounting to ₹3.69 Crores on 30 September 2024. Consequentially, the aforesaid Joint Venture arrangement has been terminated w.e.f. 28 September 2024 and ESVA ceased to be a Joint venture of LGM and accordingly of the Parent Company thereafter.

- The Parent Company has incorporated Kirloskar International ME FZE as a wholly owned subsidiary company w.e.f. 7 January 2025 in Jebel Ali Free Zone, United Arab Emirates (UAE). The Board of Directors of the Parent Company have decided to keep the initial investment upto ₹1.50 Crores.
- During the previous year, on 29 November 2023, KAC had acquired 51% stake of Engines LPG, LLC dba Wildcat Power Gen, an Ohio Limited Liability Company based at PO Box 12234, Wichita, KS 67277 United State of Americas (hereinafter referred as 'Engines LPG LLC') at an approximate consideration of Three Hundred Fifty Seven Thousand Dollars (\$357,000) by signing Securities Purchase Agreement and other ancillary agreements as per prevailing applicable laws in USA. Engines LPG LLC is engaged in the business of designing, manufacturing, selling and servicing of generators powered by gas, diesel, other environmental fuel/power solution under the brand name of Wildcat Power Gen for all types of applications. This acquisition is step towards business expansion and to enable market development in Powergen applications for the North American markets. Pursuant to the said acquisition, Engines LPG LLC has become a step-down subsidiary of the Company and subsidiary of KAC with effect from 29 November 2023.

During the previous year, the subsidiary company KAC had incurred acquisition related costs of ₹1.26 Crores on legal/professional fees and due diligence. These costs are included in legal and professional fees under "Other Expenses".

For year ended 31 March 2024, Engines LPG LLC contributed revenue of ₹2.99 Crores and loss before tax of ₹5.60 Crores to the Parent Company's results.

Management estimated that Engines LPG LLC would have contributed revenue of ₹4.98 Crores and loss before tax of ₹10.85 Crores to the Parent Company's results had the acquisition occurred on 1 April 2023.

The following table summarizes the recognized amounts of assets acquired, liabilities assumed and consequential goodwill as on the date of acquisition which approximates the acquisition date fair values:

| Particulars                                   | USD                | ₹ in Crores    |
|-----------------------------------------------|--------------------|----------------|
| Property, plant and equipment                 | 77,875             | 0.66           |
| Inventories                                   | 4,86,165           | 4.05           |
| Trade receivables                             | 4,632              | 0.04           |
| Cash and cash equivalents                     | 2,962              | 0.02           |
| Other assets                                  | 37,694             | 0.30           |
| Borrowings                                    | (60,457)           | (0.50)         |
| Trade payables                                | (11,27,819)        | (9.41)         |
| Other payables                                | (13,97,033)        | (11.65)        |
| <b>Total net identifiable assets acquired</b> | <b>(19,75,981)</b> | <b>(16.48)</b> |
| Non-Controlling Interest                      | (16,53,082)        | (13.79)        |
| Goodwill                                      | 6,79,899           | 5.67           |
| <b>Total Purchase consideration</b>           | <b>3,57,000</b>    | <b>2.98</b>    |

This goodwill is attributed to the expected synergies due to forward integration with the Parent Company.

## Notes to the Consolidated Financial Statements

### 6.18 Compliance with approved scheme of Arrangements :

During the previous year, one of the subsidiary La-Gajjar Machineries Private Limited (LGM/Transferee Company) and Optiqua Pipes and Electricals Private Limited (OPEPL/Transferor Company) had approved the draft scheme of arrangement in their respective meetings of Board, Shareholders and Creditors. This scheme had been further approved by the Regional Director, Ahmedabad (North Western Region) on 22 March 2024. OEPEL and LGM has filed the order copy issued by Regional Director, Ahmedabad (North Western Region) with Ministry of Corporate Affairs / Registrar of Companies, Ahmedabad, Gujarat on 26 March 2024 which is the effective date of said Scheme. Pursuant to the approval of Scheme of Amalgamation, OPEPL amalgamated with LGM and accordingly, OPEPL ceased to be the wholly owned subsidiary of LGM.

Further ESVA Pumps India Private Limited (ESVA) is a Joint Venture (JV) formed on 4 October 2021 between Mr. V Bharanitharan (25.5%), Mrs. C Shanthi (25.5%) and Optiqua Pipes and Electricals Private Limited (49%). Consequent to the aforesaid Scheme, OPEPL's interest of 49% in ESVA is transferred to LGM.

In the previous year, two entities La-Gajjar Machineries Pvt Ltd (LGM) and Optiqua Pipes and Electricals Private Limited (OPEPL) (both under common control of KOEL) wherein OPEPL got amalgamated into LGM as per the scheme of amalgamation, the transferee Company (LGM) post merger has restated the comparative figures in the financial statements as required under Appendix C of IND AS 103 and as stated in the accounting policy.

### 6.19 Disclosure in terms of Schedule III of the Companies Act, 2013

₹ in Crores

| Particulars                                        | Net Assets (i.e. Total assets minus total liabilities) |            | Share in Profit/(Loss)                    |         | Share in Other Comprehensive Income               |        | Share in Total Comprehensive Income               |         |
|----------------------------------------------------|--------------------------------------------------------|------------|-------------------------------------------|---------|---------------------------------------------------|--------|---------------------------------------------------|---------|
|                                                    | As a % of consolidated net assets                      | Amount     | As a % of consolidated profit/loss amount | Amount  | As a % of consolidated other comprehensive income | Amount | As a % of consolidated total comprehensive income | Amount  |
|                                                    |                                                        |            |                                           |         |                                                   |        |                                                   |         |
| F.Y. 2024-25                                       |                                                        |            |                                           |         |                                                   |        |                                                   |         |
| 1. Parent:                                         |                                                        |            |                                           |         |                                                   |        |                                                   |         |
| Kirloskar Oil Engines Limited                      | 97.35%                                                 | 2,975.62   | 88.30%                                    | 431.93  | 85.52%                                            | (3.07) | 88.32%                                            | 428.86  |
| 2. Subsidiary (Foreign):                           |                                                        |            |                                           |         |                                                   |        |                                                   |         |
| Kirloskar Americas Corporation***                  | -0.99%                                                 | (30.28)    | -4.24%                                    | (20.74) | -0.56%                                            | 0.02   | -4.27%                                            | (20.72) |
| Kirloskar International ME FZE****                 | 0.00%                                                  | (0.10)     | -0.02%                                    | (0.10)  | 0.00%                                             | 0.00   | -0.02%                                            | (0.10)  |
| 3. Subsidiary (Indian):                            |                                                        |            |                                           |         |                                                   |        |                                                   |         |
| Arka Financial Holdings Private Limited*           | 41.09%                                                 | 1,256.01   | 14.68%                                    | 71.79   | 9.75%                                             | (0.35) | 14.71%                                            | 71.44   |
| La-Gajjar Machineries Private Limited**            | 3.47%                                                  | 106.09     | 0.76%                                     | 3.72    | 19.50%                                            | (0.70) | 0.62%                                             | 3.02    |
| Add/(Less): Minority interests in all subsidiaries | -                                                      | -          | 2.73%                                     | 13.33   | -14.21%                                           | 0.51   | 2.85%                                             | 13.84   |
| Add/(Less): Inter-company eliminations             | -40.91%                                                | (1,250.62) | -2.20%                                    | (10.78) | 0.00%                                             | -      | -2.22%                                            | (10.78) |
| Total                                              | 100%                                                   | 3,056.72   | 100%                                      | 489.15  | 100%                                              | (3.59) | 100%                                              | 485.56  |
| F.Y. 2023-24                                       |                                                        |            |                                           |         |                                                   |        |                                                   |         |
| 1. Parent:                                         |                                                        |            |                                           |         |                                                   |        |                                                   |         |
| Kirloskar Oil Engines Limited                      | 98.59%                                                 | 2,622.69   | 81.84%                                    | 361.63  | 81.68%                                            | (2.63) | 81.84%                                            | 359.00  |
| 2. Subsidiary (Foreign):                           |                                                        |            |                                           |         |                                                   |        |                                                   |         |
| Kirloskar Americas Corporation***                  | -0.36%                                                 | -9.55      | -0.95%                                    | -4.20   | 2.17%                                             | -0.07  | -0.97%                                            | -4.27   |



# Notes to the Consolidated Financial Statements

## 6.19 Disclosure in terms of Schedule III of the Companies Act, 2013 (Contd...)

₹ in Crores

| Particulars                                        | Net Assets (i.e. Total assets minus total liabilities) |                 | Share in Profit/(Loss)                    |               | Share in Other Comprehensive Income               |               | Share in Total Comprehensive Income               |               |
|----------------------------------------------------|--------------------------------------------------------|-----------------|-------------------------------------------|---------------|---------------------------------------------------|---------------|---------------------------------------------------|---------------|
|                                                    | As a % of consolidated net assets                      | Amount          | As a % of consolidated profit/loss amount | Amount        | As a % of consolidated other comprehensive income | Amount        | As a % of consolidated total comprehensive income | Amount        |
| <b>3. Subsidiary (Indian):</b>                     |                                                        |                 |                                           |               |                                                   |               |                                                   |               |
| Arka Financial Holdings Private Limited*           | 44.50%                                                 | 1,183.90        | 15.11%                                    | 66.78         | 6.21%                                             | (0.20)        | 15.18%                                            | 66.58         |
| La-Gajjar Machineries Private Limited**            | 3.87%                                                  | 103.06          | 5.59%                                     | 24.70         | 10.25%                                            | (0.33)        | 5.56%                                             | 24.37         |
| Add/(Less): Minority interests in all subsidiaries | -                                                      | -               | 0.49%                                     | 2.17          | -0.31%                                            | 0.01          | 0.50%                                             | 2.18          |
| Add/(Less): Inter-company eliminations             | -46.61%                                                | (1,239.83)      | -2.08%                                    | (9.21)        | 0.00%                                             | -             | -2.10%                                            | (9.21)        |
| <b>Total</b>                                       | <b>100%</b>                                            | <b>2,660.27</b> | <b>100%</b>                               | <b>441.87</b> | <b>100%</b>                                       | <b>(3.22)</b> | <b>100%</b>                                       | <b>438.65</b> |

\* AFHPL includes "Arka Investment Advisory Services Private Limited" ( AIASPL ) ( wholly owned subsidiary of the AFHPL ) and "Arka Fincap Limited"(subsidiary of AFHPL) i.e. on a consolidated basis. AFHPL has 99.998% shareholding in AFL.

\*\* La-Gajjar Machineries Private Limited, a wholly owned subsidiary of the Parent Company and Optiqua Pipes and Electricals Private Limited, a step-down subsidiary of the Parent Company has been amalgamated w.e.f. 26 March 2024, pursuant to the Scheme of Amalgamation between Optiqua Pipes and Electricals Private Limited (OPEPL/ Transferor Company) and La-Gajjar Machineries Private Limited, (LGM/ Transferee Company) and their respective shareholders and creditors under Section 233 of the Companies Act 2013 read with Rule 25 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, including amendments thereunder. Accordingly, OPEPL ceased to be a step-down subsidiary of the Parent Company. Further ESVA Pumps India Private Limited (ESVA) was the 'Associate Company' of OPEPL with effect from 4 October 2021 pursuant to Section 2(6) of the Companies Act, 2013 and rules made thereunder, on account of a Joint Venture Arrangement between OPEPL and ESVA. OPEPL was holding 49% stake in ESVA. Pursuant to the aforesaid Scheme, the 49% stake of ESVA is transferred from OPEPL to LGM with effect from 26 March 2024. Accordingly, ESVA is the Associate Company of LGM with effect from 26 March 2024. LGM includes share of profit of ESVA i.e. on a consolidated basis upto 28 September 2024 as the joint venture arrangement between ESVA and LGM was terminated with effect from 28 September 2024 and ESVA ceased to be a Joint venture of LGM.

\*\*\* KAC includes Engines LPG, LLC dba Wildcat Power Gen (Subsidiary of KAC) w.e.f. 29 November 2023 i.e. on a consolidated basis. KAC has 51% shareholding in Engines LPG LLC .

\*\*\*\* The Parent Company has incorporated Kirloskar International ME FZE as a wholly owned subsidiary company w.e.f. 7 January 2025 in Jebel Ali Free Zone, United Arab Emirates (UAE). The Board of Directors of the Parent Company have decided to keep the initial investment upto ₹ 1.50 Crores. The subsidiary company has incurred preliminary expenses and is yet to commence operations.

## 6.20 Disclosure required as per SEBI (Listing Obligations and Disclosure Requirements) regulations, 2015 as applicable to the Parent Company are disclosed under standalone financial statements (Refer Note 43 of standalone financial statements).

## 6.21 Disclosure of interest in subsidiaries and interest of Non-controlling interest:

- a. Details of the Parent Company's subsidiaries at the end of the reporting period are as follows:

| Name of Subsidiary                        | Place of Incorporation and Place of Operation | Proportion of ownership interest and voting power |         |
|-------------------------------------------|-----------------------------------------------|---------------------------------------------------|---------|
|                                           |                                               | 2024-25                                           | 2023-24 |
| Kirloskar Americas Corporation ^^         | United States of America                      | 100%                                              | 100%    |
| La-Gajjar Machineries Private Limited ^^  | India                                         | 100%                                              | 100%    |
| Arka Financial Holding Private Limited ^^ | India                                         | 100%                                              | 100%    |
| Kirloskar International ME FZE ^^         | UAE                                           | NA                                                | NA      |

^^ For details of entities included within the subsidiary companies, refer foot notes to Note 44.6.19

## Notes to the Consolidated Financial Statements

### 6.21 Disclosure of interest in Subsidiaries and interest of non-controlling interest: (Contd..)

- b. Details of non-wholly owned subsidiaries (including stepdown subsidiary) that have material non-controlling interest:

| Name of Subsidiary (including step-down subsidiary)                               | Place of incorporation and Place of operation | Proportion of ownership interest and voting rights held by non-controlling interests |         | Profit / (Loss) allocated to non-controlling interest* |         | Accumulated non-controlling interest |         |
|-----------------------------------------------------------------------------------|-----------------------------------------------|--------------------------------------------------------------------------------------|---------|--------------------------------------------------------|---------|--------------------------------------|---------|
|                                                                                   |                                               | 2024-2025                                                                            | 2023-24 | 2024-2025                                              | 2023-24 | 2024-2025                            | 2023-24 |
| Engines LPG, LLC dba Wildcat Power Gen (subsidiary of KAC w.e.f 29 November 2023) | United States of America                      | 49%                                                                                  | 49%     | (12.63)                                                | (2.75)  | (29.17)                              | (16.54) |

\* Excluding effects of consolidation adjustment

Engines LPG LLC specializes in the design, manufacturing, sales, and service of generator powered by gas, diesel and other environmentally friendly fuel/power solutions under the brand name Wildcat Power Gen, catering to various applications.

- c. Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations and are based on their standalone financial statements.

#### Engines LPG, LLC dba Wildcat Power Gen (subsidiary of KAC and step-down subsidiary of the Parent Company w.e.f 29 November 2023)

| Particulars                                                  | ₹ in Crores |           |
|--------------------------------------------------------------|-------------|-----------|
|                                                              | 2024-2025   | 2023-2024 |
| Current assets                                               | 44.99       | 14.92     |
| Non-current assets                                           | 3.37        | 1.49      |
| Current liabilities                                          | 96.18       | 37.77     |
| Non-current liabilities                                      | 1.09        | 0.74      |
| Equity interest attributable to the owners                   | (24.95)     | (5.55)    |
| Non-controlling interest                                     | (29.17)     | (16.54)   |
| Total income                                                 | 22.36       | 2.99      |
| Expenses                                                     | 48.13       | 8.59      |
| Profit / (loss) for the year                                 | (25.77)     | (5.60)    |
| Profit / (loss) attributable to the owners of the company    | (13.14)     | (2.85)    |
| Profit / (loss) attributable to the non-controlling interest | (12.63)     | (2.75)    |
| Dividends paid to non-controlling interest                   | -           | -         |
| Opening cash & cash equivalents                              | 0.35        | 0.02      |
| Closing cash & cash equivalents                              | 0.25        | 0.35      |
| Net Cash inflow/(outflow)                                    | (0.10)      | 0.33      |

### 6.22 Research and development ('R&D') expenditure eligible for deduction under section 35(2AB) of Income Tax Act, 1961:

The Parent Company had adopted the new tax ordinance under section 115BAA during financial year 2019-20. Since provisions of section 115BAA of the Income Tax Act, 1961 are applicable, the Parent Company is not entitled to avail weighted deduction u/s 35(2AB) of the Income Tax Act, 1961. Thus the Parent Company has not availed weighted deduction benefit on in-house R&D expenditure for financial year 2024-25 as well. However, the Parent Company will continue to maintain a separate set of books for in-house R & D activities.

## Notes to the Consolidated Financial Statements

### 6.23 Goodwill

Following is the summary of changes in carrying amount of goodwill:

| Particulars                           | ₹ in Crores   |               |
|---------------------------------------|---------------|---------------|
|                                       | 31 March 2025 | 31 March 2024 |
| Balance at the beginning of the year  | 191.43        | 185.76        |
| Add : Additions during the year       | -             | 5.67          |
| <b>Balance at the end of the year</b> | <b>191.43</b> | <b>191.43</b> |

Allocation of goodwill by segments is as follows:

| Particulars | ₹ in Crores   |               |
|-------------|---------------|---------------|
|             | 31 March 2025 | 31 March 2024 |
| B2C         | 185.76        | 185.76        |
| B2B         | 5.67          | 5.67          |

Allocation of goodwill to cash generating units:-

Goodwill has been allocated for impairment testing purposes to the underlying cash generating units ('CGU') identified based on business segments. The goodwill impairment test is performed at the level of the CGU which are benefiting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes. The recoverable amount of CGUs is determined based on higher of value-in-use and fair value less cost to sell. Value-in-use is the present value of future cash flow projections based on financial budgets approved by management covering a five year period.

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates and weighted average cost of capital. The long term growth rates is determined considering the average growth rate of the industry and that of the country in which the CGU generates its revenue from. The weighted average cost of capital has been determined considering a long term target debt equity ratio of the CGU.

Cash flow projections take into account past experience and represent management's best estimate about future developments. The key assumptions used for the calculations are as follows:

| Particulars           | Year ended    |               |
|-----------------------|---------------|---------------|
|                       | 31 March 2025 | 31 March 2024 |
| Terminal growth rate  | 3.50%**       | 3.50%**       |
| Pre-tax discount rate | 16.25%        | 18.80%        |

\*\* growth rate does not exceed long term average growth rate for the market in which CGU operates

The management believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount to exceed the recoverable amount of the respective cash generating unit.

### Note 45 : (Net Debt)/Surplus reconciliation

This section sets out an analysis of net debt and the movements in net debt for the year ended 31 March 2025 and 31 March 2024

| Particulars                                             | ₹ in Crores       |                   |
|---------------------------------------------------------|-------------------|-------------------|
|                                                         | 31 March 2025     | 31 March 2024     |
| Cash and cash equivalents including other bank balances | 985.58            | 492.90            |
| Investment in mutual funds                              | 508.53            | 388.34            |
| Current borrowings                                      | (1,999.85)        | (2,154.42)        |
| Non-current borrowings                                  | (3,760.98)        | (1,970.26)        |
| <b>(Net debt)/surplus</b>                               | <b>(4,266.72)</b> | <b>(3,243.44)</b> |

# Notes to the Consolidated Financial Statements

## Note 45 : (Net Debt)/Surplus reconciliation (Contd..)

₹ in Crores

| Particulars                                   | Cash and Cash Equivalents | Other bank balances* | Investment in Mutual funds | Non-current borrowings | Current borrowings | Total             |
|-----------------------------------------------|---------------------------|----------------------|----------------------------|------------------------|--------------------|-------------------|
| (Net Debt)/Surplus as on 31 March 2024        | 492.90                    | 0.00                 | 388.34                     | (1,970.26)             | (2,154.42)         | (3,243.44)        |
| Cash inflow/outflow during the year           | 248.16                    | 244.52               | 120.19                     | 1,790.72               | (154.57)           | 2,249.02          |
| <b>(Net Debt)/Surplus as on 31 March 2025</b> | <b>741.06</b>             | <b>244.52</b>        | <b>508.53</b>              | <b>(3,760.98)</b>      | <b>(1,999.85)</b>  | <b>(4,266.72)</b> |

\* Bank balances other than Cash and cash equivalents excludes earmarked balances and balances held as security.

## Note 46 : Relationship with Struck off companies

The Parent company did not enter into any transaction with companies struck off from ROC records for the year ended 31 March 2025 except as reported below :

| Name of the struck off company                                     | Nature of transactions with struck off company | Transactions during the year (Amount in ₹) | Balance outstanding* as at 31 March 2025 (Amount in ₹) | Relationship with struck off company |
|--------------------------------------------------------------------|------------------------------------------------|--------------------------------------------|--------------------------------------------------------|--------------------------------------|
| Alike Trading Private Limited                                      | Shares held                                    | -                                          | 60                                                     | Shareholder                          |
|                                                                    | Others - Dividend paid/unpaid                  | 161                                        | 577                                                    | Shareholder                          |
| Dreams Broking Private Limited                                     | Shares held                                    | -                                          | 600                                                    | Shareholder                          |
|                                                                    | Others - Dividend paid/unpaid                  | 1,620                                      | -                                                      | Shareholder                          |
| Gunti & Company Private Limited                                    | Shares held                                    | -                                          | 90                                                     | Shareholder                          |
|                                                                    | Others - Dividend paid/unpaid                  | 215                                        | 1,400                                                  | Shareholder                          |
| Highlands Garments Private Limited                                 | Shares held                                    | -                                          | 30                                                     | Shareholder                          |
|                                                                    | Others - Dividend paid/unpaid                  | 80                                         | -                                                      | Shareholder                          |
| Kothari Intergroup Limited                                         | Shares held                                    | -                                          | 2                                                      | Shareholder                          |
|                                                                    | Others - Dividend paid/unpaid                  | 4                                          | 24                                                     | Shareholder                          |
| Mahila Credit And Investment Company Private Limited               | Shares held                                    | -                                          | 30                                                     | Shareholder                          |
|                                                                    | Others - Dividend paid/unpaid                  | 80                                         | 181                                                    | Shareholder                          |
| R. Sanghi Stock Brokers And Finance (P) Limited                    | Shares held                                    | -                                          | 8                                                      | Shareholder                          |
|                                                                    | Others - Dividend paid/unpaid                  | 21                                         | -                                                      | Shareholder                          |
| Wilway Engineering And Construction Private Limited                | Payment / Invoice raised                       | -                                          | 1,47,645                                               | Vendor                               |
| Knorr Bremse Systems For Commercial Vehicles India Private Limited | Payment / Invoice raised                       | 5,27,130                                   | -                                                      | Vendor                               |
| Star Wire India Limited                                            | Advance to Vendor                              | 7,29,000                                   | 7,29,000                                               | Vendor                               |
| Kans Builders Private Limited                                      | Sales & Receipt                                | 10,384                                     | -                                                      | Customer                             |
| R.M.H. Diesels Private Limited                                     | Sales & Receipt                                | -                                          | 73,704                                                 | Customer                             |

\* In case of shareholder, balance outstanding represents face value of the shares held and unpaid dividend thereupon and excludes dividend transferred to Investor Education and Protection Fund (IEPF)

## Details of transaction and outstanding balances of one of the subsidiaries with struck off companies for the year ended 31 March 2025:

| Name of the struck off company            | Nature of transactions with struck off company | Transactions during the year (Amount in ₹) | Balance outstanding* as at 31 March 2025 (Amount in ₹) | Relationship with struck off company |
|-------------------------------------------|------------------------------------------------|--------------------------------------------|--------------------------------------------------------|--------------------------------------|
| Excelserv India Private Limited           | Accounts Receivable                            | -                                          | -                                                      | Customer                             |
| Fedrol Electric Private Limited           | Accounts Receivable                            | -                                          | -                                                      | Customer                             |
| Gatead Knowledge Centre Private Limited   | Accounts Payable                               | -                                          | -                                                      | Vendor                               |
| Aim Security and Services Private Limited | Accounts Payable                               | -                                          | -                                                      | Vendor                               |
| Nagpal Cargo Movers                       | Accounts Payable                               | -                                          | -                                                      | Vendor                               |
| Om Sai Cars India Private Limited         | Accounts Payable                               | -                                          | -                                                      | Vendor                               |
| Bengal City Nirman Private Limited        | Accounts Payable                               | -                                          | -                                                      | Vendor                               |
| Usha Netco Private Limited                | Accounts Payable                               | -                                          | -                                                      | Vendor                               |

## Notes to the Consolidated Financial Statements

The Parent Company did not enter into any transaction with companies struck off from ROC records for the year ended 31 March 2024 except as reported below :

| Name of the struck off company                       | Nature of transactions with struck off company | Transactions during the year<br>(Amount in ₹ ) | Balance outstanding* as at 31 March 2024<br>(Amount in ₹ ) | Relationship with struck off company |
|------------------------------------------------------|------------------------------------------------|------------------------------------------------|------------------------------------------------------------|--------------------------------------|
| Alike Trading Private Limited                        | Shares held                                    | -                                              | 60                                                         | Shareholder                          |
|                                                      | Others - Dividend paid/unpaid                  | 134                                            | 416                                                        | Shareholder                          |
| Dreams Broking Private Limited                       | Shares held                                    | -                                              | 600                                                        | Shareholder                          |
|                                                      | Others - Dividend paid/unpaid                  | 1,350                                          | -                                                          | Shareholder                          |
| Gunti & Company Private Limited                      | Shares held                                    | -                                              | 90                                                         | Shareholder                          |
|                                                      | Others - Dividend paid/unpaid                  | 179                                            | 1,185                                                      | Shareholder                          |
| Highlands Garments Private Limited                   | Shares held                                    | -                                              | 30                                                         | Shareholder                          |
|                                                      | Others - Dividend paid/unpaid                  | 67                                             | -                                                          | Shareholder                          |
| Kothari Intergroup Limited                           | Shares held                                    | -                                              | 2                                                          | Shareholder                          |
|                                                      | Others - Dividend paid/unpaid                  | 3                                              | 20                                                         | Shareholder                          |
| Mahila Credit And Investment Company Private Limited | Shares held                                    | -                                              | 30                                                         | Shareholder                          |
|                                                      | Others - Dividend paid/unpaid                  | 67                                             | 67                                                         | Shareholder                          |
| R. Sanghi Stock Brokers And Finance (P) Limited      | Shares held                                    | -                                              | 8                                                          | Shareholder                          |
|                                                      | Others - Dividend paid/unpaid                  | 18                                             | -                                                          | Shareholder                          |
| Wilway Engineering And Construction Private Limited  | Payment / Invoice raised                       | -                                              | 1,47,645                                                   | Vendor                               |
| Kans Builders Private Limited                        | Sales & Receipt                                | 11,328                                         | -                                                          | Customer                             |
| Axay Auto Spares Private Limited                     | Sales & Receipt                                | 35,25,278                                      | -                                                          | Customer                             |
| B. S. S. Real Estate Private Limited                 | Sales & Receipt                                | 10,089                                         | -                                                          | Customer                             |
| Direct Mechanical Services Limited                   | Sales & Receipt                                | 74,15,141                                      | -                                                          | Customer                             |
| R.M.H. Diesels Private Limited                       | Sales & Receipt                                | -                                              | 73,704                                                     | Customer                             |
| Sahni Auto Components Private Limited                | Sales & Receipt                                | 86,214                                         | -                                                          | Customer                             |

- Movement in shareholders' balances as at 31 March 2024 vis-à-vis 31 March 2023 is on account of transfer to IEPF during the previous year.



# Notes to the Consolidated Financial Statements

## Note 47 : Disclosures for investments and transactions through/ as an intermediary

- (a) 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 Group to or in any other persons or entities, 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 Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (b) No funds have been received by the Group from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Group 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.

**Note 48 : Previous year's figures have been regrouped wherever considered necessary to make them comparable with those of the current year.**

## Signatures to Note 1 to 48, forming part of the Consolidated Financial Statements.

As per our attached report of even date

For **G. D. APTE & CO.**

Chartered Accountants

Firm Registration Number : 100515W

**ANAGHA M. NANIVADEKAR**

Partner

Membership Number : 121007

Pune: 14 May 2025

For and on behalf of the **Board of Directors**

**ATUL KIRLOSKAR**

Non-Executive Director

DIN: 00007387

**RAHUL SAHAI**

Chief Executive Officer

**SACHIN KEJRIWAL**

Chief Financial Officer

ACA :66309

**GAURI KIRLOSKAR**

Managing Director

DIN:03366274

**FARAH IRANI**

Company Secretary

ACS: 21182

Pune: 14 May 2025

# Notes



# Notes



# Notes









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