

# 63<sup>rd</sup> Annual Report, 2022

## GLOBAL MARKET LEADER IN PUMPS AND VALVES



# New Product Development

Various innovative products were introduced to cater to Domestic, Firefighting, Building, Waste water Segment etc.

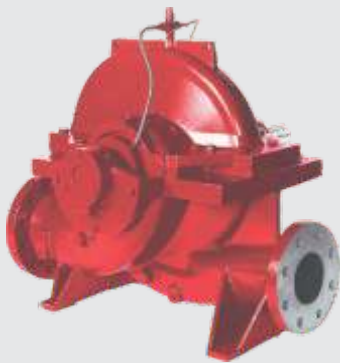
## AQUA Series - for Domestic segment



To strengthen Domestic application products, KSB's all new "Aqua Series" was launched.

## Pumps for Firefighting Application

### Omega - Axial split volute Casing pump



## Control Panels for HVAC and Waste water applications

## Valves



Control Panel for Primary variable HVAC System



KGP AKD - Panels for Dewatering, Drainage and Sewage pumps



Ball valve



Butterfly Valve with Handwheel

# KSB India does it again...!

KSB Limited bagged order worth INR 500 crores for 700 MW nuclear power plant from NPCIL

After the single largest order ever in 2018 from Nuclear Power corporation of India (A state run entity) for 8 RCPs with motor along with host of spares and services for Gorakhpur site in North India, we bagged another even bigger order of INR 500 crores for similar scope For Kaiga 5 & 6, an existing site in Karnataka state undergoing expansion.

All these pumps will be manufactured in our Shirwal plant. Level of indigenisation will be increased further for this project. We have recently added Mechanical seal manufacturing and testing facility at Shirwal. Seals required for the new order will also be produced in Shirwal plant. These pumps are planned to be delivered during the years 2026-2027.



Representative Photo of RSR400/2

## NPCIL - Customer Meet at Energy Pumps Division, Shirwal



## Inauguration of Mechanical Seal Testing facility at Shirwal plant





# Asia South Pacific Meet

KSB Limited hosted “Asia South Pacific Meet” in India



KSB Limited hosted “Asia South Pacific Meet” in India from 28th November, 2022 to 2nd December, 2022. A total of 22 delegates attended the meet which included Regional president Mr. Andre Richter and Managing Directors from Asia South and Pacific countries i.e. Singapore, Malaysia, Thailand, Philippines, Vietnam, Australia and New Zealand.

The event started with unveiling of Aircooled version of pump model HDA and tour of our EPD plant at Shirwal which was followed by tour of SupremeServ Plant at Chinchwad, IPD Plant Pimpri, WPD Plant Sinnar and Vambori, Foundry through which they could witness our entire range of products along with Mechanical seal repair centre, Boiler Circulation Pump (BCP) repair lab, reverse engineering lab.

All the delegates were overwhelmed by the hospitality extended by the Company and the event facilitated a better understanding of business, products, process and would definitely allow for improved business opportunities and customer service.

Glimpses from the Meet



	Page No.
KSB presence in India and sales network	2
Board of Directors	3
Managing Director's Forward	4
Corporate information	6
Notice of the Annual General Meeting	7
Boards' Report alongwith Annexures	22
Annexure I – Form AOC-1	28
Annexure II – Management Discussion & Analysis Report	29
Annexure III – Report on Corporate Governance	34
Annexure IV – Business Responsibility and Sustainability Report	48
Annexure V – Statement of Disclosure of Remuneration	100
Annexure VI – Secretarial Audit Report	101
Annexure VII – Conservation of Energy, etc.	105
Annexure VIII – Annual Report on Corporate Social Responsibility ("CSR") Activities	107
Independent Auditor's Report - Standalone Financial Statements	113
Standalone Financial Statements	126
Independent Auditor's Report - Consolidated Financial Statements	181
Consolidated Financial Statements	190

# KSB presence in India

## Opening of new offices Dhaka, Guwahati, Patna

In 2022, KSB Limited opened new Branch offices at Guwahati and Patna. With this additions now we are having total 14 Branch offices. The Company has also opened a Liaison office at Dhaka (Bangladesh).



Inauguration of new Liaison office at Dhaka, Bangladesh at the hands of Mr. Farrokh Bhatena, Director - Sales & Marketing, and Mr. Prashant Kumar, GM - Sales & Marketing.



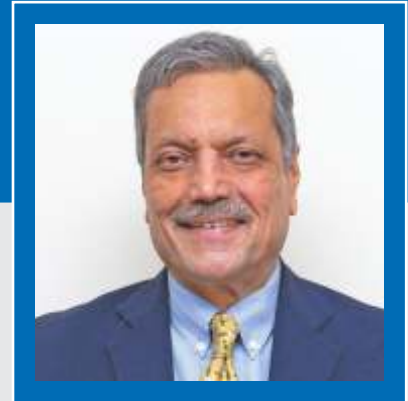
## KSB Limited : Board of Directors



**Mr. Gaurav Swarup**  
Chairman,  
Non Executive Director



**Mr. Dara N. Damania**  
Non Executive -  
Independent Director



**Mr. Pradip Shah**  
Non Executive -  
Independent Director



**Mr. V. K. Viswanathan**  
Non Executive -  
Independent Director



**Ms. Sharmila Barua Roychowdhury**  
Non Executive -  
Independent Director



**Dr. Stephan Bross**  
Non Executive Director



**Dr. Matthias Schmitz**  
Non Executive Director



**Mr. Rajeev Jain**  
Managing Director





**Mr. Rajeev Jain**  
Managing Director

“It gives me immense pleasure to present to you this 63rd Annual Report for the Financial Year 2022. In many ways the year 2022 was special for all of us and truly became a year of milestones in the KSB history. This report provides a comprehensive overview of our company's progress and achievements, as well as a look at the challenges and opportunities that lie ahead. I believe that this information will not only provide you with a deeper understanding of our Company, but it will also serve as a valuable resource for those interested in our industry and the trends shaping our future.

This year we celebrated 150 years of KSB group world-wide. This historic milestone could be achieved only because of the strong foundation laid by our founding members and zealous employees with their persistence and dedication over all these years as well as the continuous support of all stakeholders. I am sure we will continue this legacy of delivering value to all the stakeholders over many more years to come.

We have been successful to meet the market demand by continuous investments in our plants, products and infrastructure. Our Sinnar factory manufacturing products for our standard business underwent an expansion with the addition of a new industrial shed. We also completed the investment in our Steel Foundry unit to upscale the capacities. Furthermore, the capacity of Central Warehouse, Chinchwad has been expanded for catering to the increasing demand for spare parts. To expand our footprints in Bangladesh market, we have inaugurated our liaison office at Dhaka. With a view to increase our focus on the eastern and north-eastern parts of India, we set up new sales offices at Patna and Guwahati. To support our new business vertical for Mechanical Seals, we inaugurated the first Mechanical Seal repair centre at Chinchwad, Pune. A new state of the art training centre for Valves has been established at the Valves Division in Coimbatore.

We continuously evaluate various inorganic growth opportunities, in order to further increase our market offerings and reach. As part of this strategy, we have successfully acquired the technology of Bharat Pumps and Compressors Limited (BP&CL), Naini, Prayagraj. Apart from generating business for selling of Pumps for various critical applications, the technology acquisition will enable KSB to serve the industry with spares supplies where BP&CL pumps are installed in critical applications.

The year 2022 started on a very positive note with a healthy order on hand situation. A well-defined Strategy 2024 – “climb towards leadership” was put in place right from the beginning of the year. We received many high value orders such as Flue-gas desulfurization (FGD) application pump orders, orders from the petrochemical and chemical market segments as well as breakthrough orders in Solar pumping



segment. We also booked big export orders from Finland, Turkey, etc. The prestigious order from the Nuclear Power Corporation of India (NPCIL) worth 500 crores for 700 MW nuclear power plant added one more feather in our cap.

KSB as a Company, always has a customer centric approach and has delivered world class products to the market throughout our history. Carrying the legacy forward, we launched many new products in line with market expectations. We have introduced Aqua Series consisting of 14 self-priming monobloc pump models to strengthen the domestic application products. We increased our range of Mechanical Seals and added Bellow Seal Valves to our product basket.

The year was not void of challenges. We faced unique challenges and overcame obstacles that would have seemed insurmountable a few months ago. As such, the challenges for the year began in February 2022 with the Russo-Ukraine war creating disturbances in supply chains across the world. This led to uncertainties in material availability, fluctuations in commodity prices and severe shortage of semiconductors. We faced a challenging time with a cyber-attack on KSB Group servers disturbing our operations in the months of April, May and June 2022. Despite all these difficulties, we remained focused on our goals and worked together as a team to deliver outstanding results. I would like to thank our dedicated employees and our customers and suppliers for their support during this challenging period. It is their contributions that have made this success possible, and I am confident that, together, we will continue to achieve great things in the years to come.

Along with business growth, KSB also prioritises its ESG - Sustainability initiatives. On the front of reducing emissions, we are driving an ambitious target of 50% reduction in emissions over the actual emissions of 2018 by 2023. We also drive sustainability through our products like FGD and nuclear pumps which help in generation of clean energy. Among other initiatives we undertook plantation of around 8,000+ trees during the year within company premises at various plants and in surroundings.

Through our KSB Care Charitable Trust, we have streamlined our societal commitment, transforming the Company into a valued and responsible neighbour in its community. We have undertaken various CSR initiatives for development of society, including but not limited to skill development and education, infrastructural assistance to education institutes, environmental sustainability, healthcare, sanitation, destitute care, women empowerment etc. and touched around 45000+ lives in this year.

'People' being the most important resource, the Company implements multiple measures for betterment of its employees and workmen and provides a good work culture to be a part of. KSB strives to promote diversity and inclusion. We are recruiting and nurturing female employees across our plants and at all levels. The latest employee engagement survey (through KSB Voice Score) signifies that KSB Limited is a great place to work at and is a preferred employer.

I am proud of what we have accomplished and grateful for the support extended by all the internal and external stakeholders. As we look ahead to the coming years, I am confident that we will continue to grow, innovate, and set new standards for excellence in everything we do. ”

# Corporate Information

## CHIEF FINANCIAL OFFICER

Mr. Mahesh Bhave

## COMPANY SECRETARY

Ms. Shraddha Kavathekar

## REGISTERED OFFICE

Office No. 601, Runwal R-Square,  
L.B.S. Marg, Mulund (West),  
Mumbai - 400 080.

## FACTORIES

Maharashtra -  
Pimpri, Pune,  
Chinchwad, Pune  
Vambori, Dist. Ahmednagar  
Sinnar, Dist. Nashik  
Kesurdi, Shirwal, Dist. Satara

Tamil Nadu -  
NSN Palayam, Coimbatore

## BANKERS

Deutsche Bank AG  
Bank of Baroda  
Standard Chartered Bank  
ICICI Bank  
Axis Bank  
HSBC Bank  
Federal Bank  
Kotak Mahindra Bank  
Central Bank of India

## COLLABORATORS

KSB SE & Co. KGaA, Germany

## REGISTRAR & TRANSFER AGENT

Link Intime India Pvt. Ltd.

## STATUTORY AUDITORS

Price Waterhouse Chartered Accountants LLP

## COST AUDITORS

Dhananjay V. Joshi & Associates

## SECRETARIAL AUDITORS

Mehta & Mehta, Company Secretaries

## ANNUAL GENERAL MEETING

Date : 11th May, 2023  
Day : Thursday  
Time : 01.00 p.m. IST  
Mode : Through Video Conferencing  
("VC")/Other Audio  
Visual Means ("OAVM").

## COMMUNICATION DETAILS

Tel No. : 020-27101024  
Shareholders' Grievance Cell :  
compsec.india@ksb.com  
Website : www.ksbindia.co.in

---

## NOTICE

---

NOTICE is hereby given that the Sixty Third Annual General Meeting (“AGM”) of the members of KSB LIMITED will be held on Thursday, 11th May, 2023 at 01.00 p.m. IST through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”) to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt :
  - (a) the audited Standalone financial statements of the Company for the financial year ended 31st December, 2022, together with the Reports of the Board and the Auditors thereon; and
  - (b) the audited Consolidated financial statements of the Company for the financial year ended 31st December, 2022, together with the Reports of the Board and the Auditors thereon.
2. To declare dividend on equity shares for the Financial Year 2022.
3. To appoint a Director in place of Mr. Gaurav Swarup (DIN: 00374298), who retires by rotation, and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS:

Explanatory Statement under Section 102 of the Companies Act, 2013 (“the Act”), is annexed to the Notice for Special business.

4. To consider and, if thought fit, to pass, with or without modification, the following resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Section 148 of the Companies Act, 2013, the remuneration payable for the year ending 31st December, 2023 to M/s Dhananjay V. Joshi & Associates, Cost Accountants, Pune, (Firm Registration No. 000030), appointed by the Board of Directors of the Company to conduct the audit of the Cost Records of the Company, amounting to ₹ 4,85,000 (Rupees Four Lakhs Eighty Five Thousand) as also the payment of GST as applicable and reimbursement of out of pocket expenses incurred during the course of audit be and is hereby ratified and confirmed;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to perform and execute all such deeds, matters and things as may be deemed necessary or expedient to give effect to this resolution and for the matters annexed therewith or incidental thereto.”

5. To consider and, if thought fit, to pass the following Resolution as SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors in the respective meetings held on 23rd February, 2023 and pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and Rules thereunder and the applicable provisions of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 (“Listing Regulations, 2015”), the approval of



---

## NOTICE (Contd.)

---

the Members of the Company be and is hereby accorded for re-appointment of Ms. Sharmila Barua Roychowdhury (DIN: 08242998) whose current period of office is expiring on 29th September, 2023 and who has submitted a declaration confirming the criteria of Independence under Section 149(6) of the Act read with the Listing Regulations, 2015 and who is eligible for re-appointment for a second term under the provisions of the Act, Rules thereunder and Listing Regulations, 2015 to hold office for a term of five consecutive years on the Board of the Company effective from 30th September, 2023 and whose term shall not be subject to retirement by rotation;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to perform and execute all such deeds, matters and things as may be deemed necessary or expedient to give effect to this resolution and for the matters annexed therewith or incidental thereto.”

By Order of the Board

GAURAV SWARUP

Chairman

**Registered Office:**

Office No. 601, Runwal R-Square,  
L.B.S. Marg, Mulund (West),  
Mumbai- 400 080,

Mumbai, 23rd February, 2023

---

## **NOTICE (Contd.)**

---

### **NOTES:**

- a. Pursuant to General Circular Nos.14/2020 dated 8th April 2020, No. 17/2020 dated 13th April 2020, No. 20/2020 dated 5th May 2020, No. 02/2021 dated 13th January 2021, No. 21/2021 dated 14th December 2021 and No. 10/2022 dated 28th December 2022 respectively (collectively referred to as “MCA Circulars”) issued by the Ministry of Corporate Affairs (“MCA”) and in compliance with the provisions of Listing Regulations, 2015 the 63rd Annual General Meeting (“AGM”) of the Company is being held through VC / OAVM which does not require physical presence of members at a common venue. The proceedings of the AGM will be deemed to be conducted at the Registered Office of the Company which shall be the deemed Venue of the AGM.
- b. Since this AGM is being held through VC / OAVM, 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.
- c. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
- d. Institutional / Corporate Members (i.e. other than individuals/HUF/NRI etc.) are required to send scanned copy of Board Resolution authorizing their representative to attend the AGM through VC / OAVM on its behalf and to vote through remote E-voting to the Company's Registrar & Transfer Agent (“RTA”), Link Intime India Pvt. Ltd. at the email address : [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)
- e. The Register of Members and the Share Transfer Books of the Company will remain closed from Sunday, 30th April, 2023 to Thursday, 11th May, 2023 (both days inclusive).
- f. Dividend as recommended by the Board of Directors, if declared at the AGM, will be paid on or after 25th May, 2023 to those members whose names appear in the Register of Members at the close of the business hours on 29th April, 2023 in respect of shares held by them in physical form and whose names appear in the statement of beneficial ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited at the close of the business hours on 29th April, 2023 in respect of shares held by them in dematerialised form.
- g. Unclaimed interim Dividend for the financial year ended 31st December, 2014 has been transferred to the Investor Education and Protection Fund (“IEPF”) after completion of seven years in accordance with Section 124 of the Companies Act, 2013. Other unpaid dividends that are due for transfer are detailed below:

---

## NOTICE (Contd.)

---

Dividend	For the Financial Year ended	Date of Payment	Tentative Date of Transfer
Final	31st Dec.'15	17th May '16	16th May'23
Final	31st Dec.'16	17th May '17	16th May'24
Final	31st Dec.'17	16th May '18	15th May'25
Final	31st Dec.'18	13th May'19	12th May'26
Final	31st Dec.'19	16th Oct'20	15th Oct'27
Final	31st Dec.'20	16th May'21	15th May'28
Final	31st Dec.'21	25th May'22	24th May'29

Members who have not encashed their Dividend Warrants/Demand Drafts/Electronic Remittance pertaining to the earlier years may approach the Company's Registrar & Transfer Agent ("RTA"), Link Intime India Pvt. Ltd., at C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083, for the same.

Pursuant to the provisions of Section 124 of the Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to an IEPF Account established by the Central Government, within thirty days of such shares becoming due for transfer to the Fund. The Members whose shares/ unclaimed dividend have been transferred to the Fund may claim the shares or apply for refund by making an application to IEPF Authority in form IEPF 5 (available on [www.iepf.gov.in](http://www.iepf.gov.in)) along with requisite fee as decided by the Authority from time to time. The details of the unclaimed dividends are available on the Company's website at [www.ksbindia.co.in](http://www.ksbindia.co.in) and on the website of Ministry of Corporate Affairs at: [www.mca.gov.in](http://www.mca.gov.in)

- h. Members who hold equity shares in physical form and desirous of availing Electronic Clearance Scheme (ECS) facility for direct credit of dividend to their bank account, may submit their request to the Company's RTA. Any query related to dividend should be directed to RTA.
- i. The information regarding the Director/s who is/are proposed to be appointed/re- appointed, as required to be provided under Listing Regulations, 2015 and Secretarial Standard on General Meetings, is annexed hereto.
- j. In compliance with the aforesaid MCA Circulars and SEBI Listing Regulations, 2015 the Notice of the 63rd AGM of the Company along with the Annual Report for the year 2022 is being sent only through electronic mode to those Members whose email addresses are registered with their respective Depository Participants ("Dps"), Company or Company's RTA. Members may note that the Notice of the AGM and the Annual Report for the year 2022 will also be available on the Company's website at [www.ksbindia.co.in](http://www.ksbindia.co.in), and also on the website of the Stock Exchanges where the shares of the Company have been listed viz., BSE Limited- [www.bseindia.com](http://www.bseindia.com) and National Stock Exchange of India Limited - [www.nseindia.com](http://www.nseindia.com). The Company has published a Public Notice by way of advertisement with the required details of 63rd AGM, for information of the Members.



---

## NOTICE (Contd.)

---

- k. Members having more than one folio in identical names are requested to consolidate the same.
- l. The Company has made necessary arrangements for the members to hold their shares in dematerialised form. Members holding shares in physical form are requested to dematerialise their shares by approaching any of the Dps.
- m. All documents referred in the accompanying Notice and Statement setting out material facts will be available electronically for inspection for Members on all working days between 9.00 a.m. and 11.00 a.m upto Thursday, 11th May, 2023 being the date of the AGM. Members seeking to inspect such documents can send an email at : compsec.india@ksb.com
- n. Since the AGM will be held through VC / OAVM, the Route Map is not annexed to this Notice.

**o. Instructions for Remote E-voting before AGM:**

In compliance with the provisions of Section 108 of Act and Rule 20 of the Companies (Management and Administration) Rules, 2014 and the provisions of the Regulation 44 of the Listing Regulations, 2015, the members are provided with the facility to cast their vote electronically, through the remote e-voting services provided by Link Intime India Pvt. Ltd., on all resolutions set forth in this Notice. As per the SEBI circular dated 9th December , 2020, individual shareholders holding securities in demat mode can register directly with the depository or will have the option of accessing various ESP portals directly from their demat accounts.

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

**1. Individual Shareholders holding securities in demat mode with NSDL**

- i. Existing IDeAS user can visit the e-Services website of NSDL viz. <https://eservices.nsdl.com> either on a personal computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name i.e. LINKINTIME and you will be re-directed to "InstaVote" website for casting your vote during the remote e-Voting period.
- ii. If you are not registered for IDeAS e-Services, click at <https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp>
- iii. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a personal computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen-digit demat account number hold with NSDL), Password/OTP and a Verification Code as

---

## NOTICE (Contd.)

---

shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name i.e. LINKINTIME and you will be redirected to “InstaVote” website for casting your vote during the remote e-Voting period.

2. Individual Shareholders holding securities in demat mode with CDSL
  - i. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. The option will be made available to reach e-Voting page without any further authentication. The users to login Easi / Easiest are requested to visit CDSL website [www.cdslindia.com](http://www.cdslindia.com) and click on login icon & New System Myeasi Tab and then use your existing my easi username & password.
  - ii. 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 the company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider i.e. LINKINTIME for casting your vote during the remote e-Voting period or joining virtual meeting & 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.
  - iii. If the user is not registered for Easi/Easiest, the option to register is available at CDSL website [www.cdslindia.com](http://www.cdslindia.com) and click on login & New System Myeasi Tab and then click on registration option.
  - iv. Alternatively, the user can directly access the e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on [www.cdslindia.com](http://www.cdslindia.com) home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, the user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
3. 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. After Successful 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 the company name or e-Voting service provider name i.e. LinkIntime and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.

## II. Login method for Individual shareholders holding securities in physical form/ Non-Individual Shareholders holding securities in demat mode is given below:

Individual Shareholders of the company, holding shares in physical form / Non-

---

## NOTICE (Contd.)

---

Individual Shareholders holding securities in demat mode as on the cut-off date for e-voting may register for e-Voting facility of Link Intime as under:

1. Open the internet browser and launch the URL: <https://instavote.linkintime.co.in>
2. Click on “Sign Up” under ‘SHARE HOLDER’ tab and register with your following details: -
  - A. **User ID:** Shareholders holding shares in physical form shall provide Event No + Folio Number registered with the Company. Shareholders holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID; Shareholders holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID.
  - B. **PAN:** Enter your 10-digit Permanent Account Number (PAN) (Shareholders who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.
  - C. **DOB/DOI:** Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format)
  - D. **Bank Account Number:** Enter your Bank Account Number (last four digits), as recorded with your DP/Company.

Shareholders holding shares in **physical form** but have not recorded ‘C’ and ‘D’, shall provide their Folio number in ‘D’ above.

Shareholders holding shares in **NSDL form**, shall provide ‘D’ above.

Shareholders may set the password as per their choice containing minimum 8 characters, at least one special Character (@!#\$%&\*), at least one numeral, at least one alphabet and at least one capital letter.

Click “confirm” (Your password is now generated).

3. Click on ‘Login’ under ‘SHARE HOLDER’ tab.
4. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on ‘Submit’.

### III. Cast your vote electronically:

1. After successful login, you will be able to see the notification for e-voting. Select ‘View’ icon.
2. E-voting page will appear.
3. Refer the Resolution description and cast your vote by selecting your desired option ‘Favour / Against’ (If you wish to view the entire Resolution details, click on the ‘View Resolution’ file link).
4. After selecting the desired option i.e. Favour / Against, click on ‘Submit’. A confirmation box will be displayed. If you wish to confirm your vote, click on ‘Yes’, else to change your vote, click on ‘No’ and accordingly modify your vote.



---

## NOTICE (Contd.)

---

### IV. Guidelines for Institutional shareholders:

Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIPL at <https://instavote.linkintime.co.in> and register themselves as ‘Custodian / Mutual Fund / Corporate Body’. They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the ‘Custodian / Mutual Fund / Corporate Body’ login for the Scrutinizer to verify the same.

### V. Helpdesk for Individual Shareholders holding securities in physical mode/ Institutional shareholders:

Shareholders facing any technical issue in login may contact Link Intime INSTAVOTE helpdesk by sending a request at [enotices@linkintime.co.in](mailto:enotices@linkintime.co.in) or contact on: - Tel: 022 – 4918 6000.

### VI. Helpdesk for Individual Shareholders holding securities in demat mode:

Individual Shareholders holding securities in demat mode may contact the respective helpdesk for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at : 022 - 4886 7000 and 022 - 2499 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 22 55 33

### VII. Individual Shareholders holding securities in Physical mode has forgotten the password:

If an Individual Shareholders holding securities in Physical mode has forgotten the USER ID [Login ID] or Password or both then the shareholder can use the “Forgot Password” option available on the e-Voting website of Link Intime: <https://instavote.linkintime.co.in>

- o Click on ‘Login’ under ‘SHARE HOLDER’ tab and further Click ‘forgot password?’
- o Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on “SUBMIT”.

In case shareholders is having valid email address, Password will be sent to his / her registered e-mail address. Shareholders can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above. The password should contain minimum 8 characters, at least one special character (@!#\$%&\*), at least one numeral, at least one alphabet and at least one capital letter.

User ID for Shareholders holding shares in Physical Form (i.e. Share Certificate): Your User ID is Event No + Folio Number registered with the Company

---

## NOTICE (Contd.)

---

### VIII. Individual Shareholders holding securities in demat mode with NSDL/ CDSL has forgotten the password:

Shareholders who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned depository/ depository participants website.

- i. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- ii. For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.
- iii. During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular “Event”.

#### Other e-voting Instructions

- i. The remote e-voting period commences on **Monday, 8th May, 2023 at 9.00 a.m. and ends on Wednesday, 10th May, 2023 at 5.00 p.m.** During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on **Friday, 5th May, 2023 (the cut- off date)** may cast their vote electronically. The e-voting module shall be disabled for voting thereafter.
  - ii. The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on Friday, 5th May, 2023.
  - iii. 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 only shall be entitled to avail the facility of remote e-voting and voting during the AGM.
  - iv. Ms. Ashwini Inamdar, Partner, M/s Mehta and Mehta Associates, Company Secretaries has been appointed as the Scrutinizer to scrutinize the voting process (electronically or otherwise) in a fair and transparent manner.
  - v. The results declared along with the Scrutinizer’s Report shall be placed on the Company’s website at [www.ksbindia.co.in](http://www.ksbindia.co.in) within two days of the 63rd AGM of the Company to be held on Thursday, 11th May, 2023.
  - vi. The contact details for Registrar and Transfer Agent: Link Intime India Pvt. Ltd., Tel. No. : 022 4918 6270, E-mail : [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)
- p. **Instructions for Members to attend the AGM through (VC/OAVM) :**

Members are entitled to attend the AGM through VC/OAVM provided by RTA, Link Intime Pvt. Ltd., by following the below mentioned process:

- i. Facility for joining the AGM through VC/OAVM shall open 15 minutes before the time scheduled for the AGM and shall be kept open till the expiry of 15 minutes after the scheduled time on first-come-first basis.
- ii. Members with >2% shareholding, Promoters, Institutional Investors, Directors, KMPs, Chair Persons of Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Auditors etc. may be allowed to the meeting without restrictions of first-come-first serve basis.

---

## NOTICE (Contd.)

---

iii. Members will be provided with Insta Meet facility wherein they shall register their details and attend the AGM as under:

1. Open the internet browser and open the URL <https://instameet.linkintime.co.in>
2. Select the “Company” and “Event date” and register with your following details:
  - A. **Demat Account No. or Folio No:** Enter your 16 digit Demat Account No. or Folio No.
    - (a) Members holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID
    - (b) Members holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID
    - (c) Members holding shares in physical form shall provide Folio Number registered with the Company
  - B. **PAN:** Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.
  - C. **Mobile No.:** Enter your mobile number.
  - D. **Email ID:** Enter your email id, as recorded with your DP/Company/RTA.
3. Click “Go to Meeting”: You are now registered for InstaMeet and your attendance is marked for the meeting.

(Note: Members are encouraged to join the Meeting through Tablets/Laptops connected through broadband for better experience. Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting).

**q. Instructions for Members to Vote during the AGM:**

- (a) Only those Members, who are present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available during the AGM.
- (b) If any Votes are cast by the Members through the e-voting available during the AGM and if the same Members have not participated in the meeting through VC/OAVM facility, then the votes cast by such Members shall be considered invalid as the facility of e-voting during the meeting is available only to the Members attending the meeting.
- (c) 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.

Once the electronic voting is activated by the scrutinizer/ moderator during the AGM, the Members who have not exercised their vote through the remote e-voting can cast the vote as under:

- i. On the Members VC page, click on the link for e-Voting “Cast your vote”

---

## NOTICE (Contd.)

---

- ii. Enter your 16 digit Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMEET and click on “Submit”.
  - iii. After successful login, you will see “Resolution Description” and against the same the option “Favour/ Against” for voting.
  - iv. Cast your vote by selecting appropriate option i.e. “Favour/Against” as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under ‘Favour/Against’.
  - v. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on “Save”. A confirmation box will be displayed. If you wish to confirm your vote, click on “Confirm”, else to change your vote, click on “Back” and accordingly modify your vote.
  - vi. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.
- r. Instructions for Members to Speak during the AGM:**
- i. Members who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request on or before 3rd May, 2023, mentioning their name, demat account number/folio number, e-mail ID, mobile number, questions to ask, if any, at: [compsec.india@ksb.com](mailto:compsec.india@ksb.com)
  - ii. Only those Members who have registered themselves as a speaker will be allowed to express their views/ ask questions during the meeting.
  - iii. Members will get confirmation on first cum first basis. First 10 Speakers registered with the Company will only be allowed to speak at the AGM for a duration upto 3 minutes each.
  - iv. Members will receive “speaking serial number” once they mark attendance for the meeting.
  - v. Members are requested to speak only when moderator of the meeting/ management will announce the name and serial number for speaking.
  - vi. Please remember your speaking serial number and start your conversation with panelist by switching on video mode and audio of your device.
  - vii. Please note that the Company reserves the right to restrict the number of questions and number of speakers, depending upon availability of time as appropriate for smooth conduct of the AGM.

The Members who do not wish to speak during the AGM but have queries may send their queries in advance on or before 3rd May, 2023 mentioning their name, demat account number/folio number, e-mail ID, mobile number at: [compsec.india@ksb.com](mailto:compsec.india@ksb.com) These queries will be replied to by the Company suitably by e-mail.

For a smooth experience of viewing the AGM proceedings of Link Intime India Pvt. Ltd. InstaMEET, shareholders/ members who are registered as speakers for the event are

---

## NOTICE (Contd.)

---

requested to download and install the Webex application in advance.

Please download and install the Webex application by clicking on the link <https://www.webex.com/downloads.html/>

In case shareholders/members have any queries regarding login, they may send an e-mail to [instameet@linkintime.co.in](mailto:instameet@linkintime.co.in) or contact on: - Tel: 022-49186175.

**s. Instructions for Income Tax compliances with respect to dividend:**

i. The Finance Act, 2020 has abolished dividend distribution tax (DDT). Accordingly, effective from 1st April, 2020, dividend income will be taxable in the hands of shareholders. Hence the Company is required to deduct tax at source (“TDS”) from the amount of dividend paid to shareholders at the prescribed rates. The detailed TDS rates and required documents for claiming non-deduction/lower deduction of TDS are uploaded in the website of the company at: [www.ksbindia.co.in](http://www.ksbindia.co.in)

ii. To avail the benefit of non-deduction/lower deduction of TDS kindly submit the required documents by email to [ksbdivtax@linkintime.co.in](mailto:ksbdivtax@linkintime.co.in) on or before 3rd May, 2023:

or

The forms/documents (duly completed and signed) for claiming tax exemption are required to be uploaded on the url: <https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html>

- On this page the user shall be prompted to select / share the required information therein to register their request.

iii. The forms for tax exemption can be downloaded from Link Intime’s website. The url for the same is: <https://www.linkintime.co.in/client-downloads.html>

- On this page select the General tab. All the forms are available under the head “Form 15G/15H/10F”

iv. The upload of forms/documents (duly completed and signed) on the above mentioned URL of Link Intime India Private Ltd should be done on or before 3rd May, 2023 to enable the Company to determine and deduct appropriate TDS/ Withholding Tax.

v. Incomplete and/or unsigned forms and declarations will not be considered by the Company. No communication on the tax determination/ deduction shall be considered after 3rd May, 2023.

vi. In terms of the MCA and SEBI circular, in case the Company is unable to pay the dividend to any share holder by electronic mode due to non-availability of the details of their bank account, the Company will despatch the Dividend Warrants/Demand Drafts to such share holders by post.

vii. All communications/ queries in this respect should be addressed to our RTA, Link Intime India Private Limited to: [ksbdivtax@linkintime.co.in](mailto:ksbdivtax@linkintime.co.in)



---

## **NOTICE (Contd.)**

---

### **ANNEXURE TO THE NOTICE**

#### **EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013**

##### **BUSINESS 4:**

The Board of Directors of the Company, on the recommendation of its Audit Committee, has approved the appointment of M/s Dhananjay V. Joshi & Associates, Cost Accountants, Pune, as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st December, 2023. In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the members of the Company. Accordingly, consent of the members is sought by way of an Ordinary Resolution as set out at Business No. 4 of the Notice for ratification of the remuneration amounting to ₹ 4,85,000 plus applicable GST and out-of pocket expenses incurred by them in connection with the aforesaid audit.

The Directors recommend the resolution for approval.

None of the Directors or Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested, financially or otherwise, in the said resolution.

##### **BUSINESS 5:**

The Members of the Company in the 59th Annual General Meeting of the Company held on 8th May, 2019 had, inter alia, appointed Ms. Sharmila Barua Roychowdhury as an Independent Director of the Company for a period of five consecutive years effective from 30th September, 2018 upto 29th September, 2023.

In the opinion of the Board, Ms. Sharmila Barua Roychowdhury fulfills the conditions specified in the Act, the Rules made there under and Listing Regulations, 2015 for her appointment as an Independent Director of the Company and is independent of the Management. A copy of the draft letter for her appointment as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the registered office of the Company during normal business hours on all the working days. The Board considers that her association would be of immense benefit to the Company and it is desirable to avail her services as Independent Director.

In the opinion of the Board of Directors, Ms. Sharmila Barua Roychowdhury is eligible, person of high repute, integrity and have rich and varied experience. The Board considers that her continued association would benefit to the Company and it is desirable to continue to avail her services.

The Board upon recommendation of the Nomination and Remuneration Committee, based on the skills, rich experience, knowledge, continued valuable guidance of above said Director to the management and based on the outcome of performance evaluation, has in the meetings held on 23rd February, 2023 recommended re-appointment of Ms. Sharmila Barua Roychowdhury as Independent Director of the Company for second consecutive term of 5 years subject to approval of members, pursuant to Section 149 of the Companies Act, 2013.

The Company has received from Ms. Sharmila Barua Roychowdhury (i) consent in writing to act as Director in Form DIR- 2 pursuant to Rule 8 of Companies (Appointment & Qualification of

---

## NOTICE (Contd.)

---

Directors) Rules, 2014; (ii) intimation in Form DIR- 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that she is not disqualified under Section 164(2) of the Companies Act, 2013, confirming her eligibility for such appointment and a declaration to the effect that she meets the criteria of independence as provided in Section 149(6) of the Act and Listing Regulations, 2015.

None of the Directors and Key Managerial Personnel including their respective relatives other than Ms. Sharmila Barua Roychowdhury and her relatives are in any way concerned or interested, financially or otherwise, in the said resolution.

The profile of Ms. Sharmila Barua Roychowdhury is provided in the annexure to this Notice

The Directors recommend the resolution as set out in businesses 5 for approval of members through Special resolution for her reappointment as Independent Director, pursuant to Section 149 and other applicable provisions of the Act and Rules there under and that the said Director shall not be liable to retire by rotation.

### Notes on Director/s seeking appointment/re-appointment

As required under Listing Regulations, 2015 and Secretarial Standards on General Meetings, particulars of Director/s who is/ar to be appointed/re-appointed are given below:

Name of the Director	Ms. Sharmila Barua Roychowdhury	Mr. Gaurav Swarup
Director Identification Number	08242998	00374298
Date of Birth	25 July, 1962	21st November, 1956
Director since	30th September, 2018	24th January, 2000
Qualifications	Lawyer by profession and bachelors in Social studies in human behaviour	BE, MBA (Harvard)
Experience	Vast experience in the area of law	Vast experience in the engineering industry
List of other Directorships in India	1. Willord Enterprises Private Limited	1. Swadeshi Polytex Limited, 2. Industrial And Prudential Investment Company Limited, 3. Paharpur Cooling Towers Limited, 4. Avadh Sugar & Energy Limited, 5. Graphite India Limited, 6. Lohia Corp Limited 7. IFGL Refractories Limited 8. TIL Limited, 9. Medica Synergie Private Limited, 10. Garima Private Limited, 11. Paharpur 3P Private Limited

## NOTICE (Contd.)

Chairmanship/ Membership of Audit and Stakeholders' Relationship Committees in other Public companies	Nil	Audit Committee: Chairman: Nil Member: Graphite India Limited.  Stakeholders' Relationship Committee: Chairman: Nil. Member: Avadh Sugar & Energy Limited.
Relationship with other Directors and Key Managerial Personnel	Nil	Nil
No. of shares held in the Company	Nil	34,000
No. of Board meetings attended during last Financial Year	5 (Five)	5 (Five)
Details of Remuneration paid/ sought to be paid	Sitting fees and commission	Sitting fees and commission
Terms and conditions of appointment	Non Executive Director – Independent, not liable to retire by rotation.	Non Executive Director, Non Independent, liable to retire by rotation.

## BOARD'S REPORT

To  
The Shareholders,

The Board of Directors have pleasure to submit the report and audited financial statements of the Company for the year ended 31st December, 2022.

### FINANCIAL RESULTS AND DIVIDEND

Financial Results (Standalone):

	Year ended December 31, 2022	Year ended December 31, 2021
		₹ Million
Revenue from operations and Other Income	18,673.78	15,336.68
Profit before tax	2,406.86	1,972.79
Income tax expense		
Current	538.51	560.50
Deferred tax	75.66	(53.73)
Total tax expense	614.17	506.77
Profit for the year	1,792.69	1,466.02
Other comprehensive income	(67.77)	6.39
Total comprehensive income	1,724.92	1,472.41
Appropriations:		
Opening balance of retained earnings	8204.25	7,027.71
Profit for the year	1792.69	1,466.02
Dividend paid (including tax thereon)	(435.10)	(295.87)
Other comprehensive income recognised directly in retained earnings	(67.77)	6.39
Total retained earnings	9,494.07	8,204.25
EPS	51.50	42.12

The Company does not propose to transfer any amount to its Reserves for the year under review.

During the year under review there was no change in the share capital of the Company.

#### Dividend:

The Board of Directors propose a dividend of 15 per share of ₹ 10 each (150 %).

Dividend Distribution Policy of the Company as required under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations, 2015") is available on the Company's website at: [www.ksbindia.co.in](http://www.ksbindia.co.in)

### GENERAL REVIEW

#### Working:

The Financial year 2022 posed challenges on account of cyber security attack, supply chain issues due to global geo political situation. In spite of all these challenges, the Company managed to keep the impact on the operations and business activities to minimum. The Company's plants across locations have performed well despite of multi-pronged challenges. During the year, an additional shed in Sinnar plant is set up, mechanical seal test facility for nuclear business was set up, localising the seal, opening of our own Liaison office in Bangladesh, opening of new branch offices in Guwahati and Patna, development in new products like the Aqua series, the API products, pumps for Pulp and Paper and also pumps for firefighting applications. The highlight being the bagging of prestigious NPCIL order for Kaiga 5 & 6 project.

## BOARD'S REPORT (Contd.)

Export reduced by ₹ 474 Million from ₹ 3,025 Million last year to ₹ 2,551 Million mainly due to impact of Russo-Ukrainian war and geopolitical conditions.

The Company continues with its efforts to maintain growth even during the continued challenges.

### Credit Rating:

Reaffirmation for the Long Term rating (Fund based) [ICRA] AA+ (stable) and Short Term Rating [ICRA] A1+ assigned for the Line of Credit of the Company continues during the year 2022. This reaffirms the high reputation and the trust Company has earned for its sound financial management and its ability to meet financial obligations. Below Credit Ratings are obtained during past 3 years:

Year	Amount (₹ in Million)	Rating
2021	25,000.00	Long Term AA+, Short Term A1+
2020	25,000.00	Long Term AA+, Short Term A1+
2019	12,000.00	Long Term AA+, Short Term A1+

The Company does not have any debt instruments, fixed deposit program or any scheme for mobilization of funds and accordingly it has not obtained any credit ratings during the financial year for these purposes.

### Fixed Deposits:

The Company has not accepted any deposits.

### Transfer to Investor Education and Protection Fund ("IEPF"):

During the year, in accordance with section 125 of the Companies Act, 2013 ("the Act") an amount of ₹ 5,17,000 being unclaimed dividends up to the year 31st December, 2014, were transferred to the Investor Education and Protection Fund established by the Central Government.

Pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules 2016 ("IEPF Rules"), as amended, the shares on which dividend remains unpaid / unclaimed for seven consecutive years or more shall be transferred to the Investor's Education and Protection Fund (IEPF). Accordingly, during the year Company has transferred 7,966 equity shares to the IEPF. The details of equity shares transferred are available on the Company's website at: [www.ksbindia.co.in](http://www.ksbindia.co.in)

### Subsidiary and Associate:

The Company has 1 subsidiary, viz. Pofran Sales and Agency Limited and 1 associate, viz. KSB MIL Controls Limited as on 31st December, 2022.

In accordance with Section 129 (3) of the Act and Regulation 34 of Listing Regulations, 2015, the audited consolidated financial statements of the Company form part of the Annual Report. A statement containing salient features of the financial statements of the Company's subsidiary and associate is annexed to this Report in prescribed form AOC-1 as Annexure I.

The audited financial statements of Pofran Sales and Agency Limited for the year ended 31st March, 2022 have been placed on the website of the Company viz. [www.ksbindia.co.in](http://www.ksbindia.co.in) and are available for inspection at the registered office of the Company. The Company will also make available these documents electronically upon request by any member of the Company interested in obtaining the same.



---

## **BOARD'S REPORT (Contd.)**

---

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Annexed to this report as Annexure II.

### **REPORT ON CORPORATE GOVERNANCE**

Annexed to this Report alongwith certificate thereon as Annexure III.

### **BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT**

Annexed to this report as Annexure IV.

### **ANNUAL RETURN**

In accordance with the provisions of the Act, the Annual Return of the Company for the year ended 2022 is hosted on website of the Company at : [www.ksbindia.co.in](http://www.ksbindia.co.in)

### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

Contracts or arrangements with related parties referred to under Section 188 of the Act, entered into during the financial year, were on an arm's length basis. No material contracts or arrangements with related parties were entered into during the year under review. Accordingly, no transactions are being reported in form AOC- 2 in terms of section 134 of the Act.

### **DISCLOSURE UNDER REGULATION 34(3) OF SEBI LISTING REGULATIONS, 2015**

There are no loans and advances in the nature of loans to subsidiary/associate/firms/Companies in which Directors are interested.

### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

The Company has not granted any loans, guarantees and investments covered under section 186 of the Act during the year.

### **VIGIL MECHANISM / WHISTLE BLOWER POLICY**

The Company has established a vigil mechanism to provide avenues to the stakeholders to bring to the attention of the management, the concerns about behaviours employees that raise concerns including fraud by using the mechanism provided in the Whistle Blower Policy. The details of the said policy are included in the report on Corporate Governance.

### **RISK MANAGEMENT**

The Company has laid down procedures and informed the Board members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management controls risk through means of a properly defined framework. The Risk Management Committee monitors the risks and their mitigation actions.

### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

There is no significant or material order passed during the year by any regulators, courts or tribunals impacting the going concern status of the Company or its future operations. The Company has not filed any application or no proceeding is pending against the Company under the Insolvency and Bankruptcy Code, 2016, during FY 2022.

### **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this report.

---

## **BOARD'S REPORT (Contd.)**

---

### **POLICY ON PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE**

The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder, to redress complaints received regarding sexual harassment. The Company has in place a policy in line with the requirements of the said Act. During the year, nil complaint with allegations of sexual harassment was received by the Company.

### **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Mr. Gaurav Swarup retires by rotation and is eligible for re-appointment. The Board recommends the re-appointment.

Ms. Sharmila Barua Roychowdhury will be completing her present term as Independent Director of the Company on 29th September, 2023. On the recommendation of Nomination and Remuneration Committee, the Board in its meeting held on 23rd February, 2023, subject to the approval of shareholders by special resolution, has recommended re-appointment of Ms. Sharmila Barua Roychowdhury as Independent Director of the Company for a further term of five years effective from 30th September, 2023. Ms. Sharmila Barua Roychowdhury has furnished declarations to the Company required under the Act and Listing Regulations confirming that she continues to meet the criteria prescribed for Independent Directors.

Mr. Milind Khadilkar retired as Chief Financial Officer and Key Managerial Personnel of the Company from the closure of business hours on 31st December, 2022. The Board expresses its sincere appreciation for the valuable services provided by him during his tenure as Chief Financial Officer.

The Board of Directors, on recommendation of the Nomination and Remuneration Committee and Audit committee, appointed Mr. Mahesh Bhave as Chief Financial Officer and Key Managerial Personnel of the Company effective from 1st January, 2023. Pursuant to Mr. Mahesh Bhave's appointment as Chief Financial Officer, he has resigned from his responsibilities as Company Secretary from the closure of business hours on 31st December, 2022.

The Board of Directors, on recommendation of the Nomination and Remuneration Committee and Audit committee, appointed Ms. Shraddha Kavathekar as Company Secretary and Key Managerial Personnel of the Company effective from 1st January, 2023.

### **DECLARATIONS BY INDEPENDENT DIRECTORS**

The Independent Directors have given a declaration to the Company that they meet the criteria of independence as per Section 149(6) of the Act and Regulation 25 of the Listing Regulations, 2015.

### **BOARD MEETINGS**

During the year ended 31st December, 2022, five meetings of the Board were held.

### **POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION**

The policy on Director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of Director, and other matters forms part of report on Corporate Governance. The detailed policy is available on the Company's website at: [www.ksbindia.co.in](http://www.ksbindia.co.in)

### **EVALUATION OF BOARD OF DIRECTORS**

The details of the annual evaluation of Board, its Committees and individual Directors are mentioned in the report on Corporate Governance.

---

## **BOARD'S REPORT (Contd.)**

---

### **BOARD COMMITTEES**

The Company has five Committees of Board, viz,

1. Audit Committee
2. Stakeholders' Relationship Committee
3. Nomination and Remuneration Committee
4. Corporate Social Responsibility Committee
5. Risk Management Committee

Details of all the Committees along with their composition, terms of reference and meetings held during the year are provided in report on Corporate Governance.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(5) of the Act, the Board of Directors report that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- (c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they have prepared the annual accounts on a going concern basis;
- (e) proper internal financial controls are in place and that such internal financial controls are adequate and are operating effectively; and
- (f) systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

### **PARTICULARS OF EMPLOYEES AND RELATED INFORMATION**

In terms of the provisions of Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement containing the disclosures pertaining to remuneration and other details as required under the Act and the above Rules are provided in the Annual Report. The disclosures as specified under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed to this Report as Annexure V.

The information regarding employee remuneration as required pursuant to Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, will be available electronically for inspection by members on all working days (Monday to Friday) between 10.00 a.m. and 12.00 noon upto Thursday, 11th May, 2023, being the date of the 63rd AGM. Any member interested in obtaining such information may write to the Company Secretary and the same will be furnished electronically on such request.

### **STATUTORY AUDITORS**

Pursuant to provisions of Section 139 of the Act and Rules thereunder, M/s Price Waterhouse Chartered Accountants LLP (Firm Registration No. 012754N/ N500016) were appointed as Statutory Auditors of the Company for a term of five years, to hold office from the conclusion of

## **BOARD'S REPORT (Contd.)**

62nd Annual General Meeting, until the conclusion of 67th Annual General Meeting. A certificate from Statutory Auditors has been received to the effect that their appointment as Statutory Auditors of the Company, continues to be according to the terms and conditions prescribed under Section 139 of the Act and Rules framed there under.

The Auditors' Report for the financial year 2022 does not contain any qualification, reservation, adverse remark or disclaimer. The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company during the financial year 2022.

### **COST AUDITORS**

Maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Act, 2013, is required by the Company and accordingly such accounts and records are prepared and maintained. Pursuant to Section 148, the Board on the recommendation of the Audit Committee has re-appointed M/s Dhananjay V. Joshi and Associates, Cost Accountants, Pune as Cost Auditors to carry out the audit of Cost Accounts of the Company for the financial year 2023 at a remuneration as mentioned in the Notice convening the 63rd Annual General Meeting and the same is recommended for your consideration and ratification. The Cost Audit Report for financial year 2021 which was due to be filed with the Ministry of Corporate Affairs before 29th June, 2022, was filed on 26th May, 2022 and it did not contain any qualification, reservation, adverse remark or disclaimer.

### **SECRETARIAL AUDITORS**

Pursuant to provisions of Section 204 of the Act and Rules thereunder, the Secretarial Audit Report for financial year 2022 issued by Secretarial Auditors, M/s Mehta and Mehta Associates, Company Secretaries is annexed to this report as Annexure VI and it does not contain any qualification, reservation, adverse remark or disclaimer except the self explanatory comments.

### **SECRETARIAL STANDARDS**

During the year 2022, the Company has generally complied with applicable Secretarial Standards issued by the Institute of the Company Secretaries of India.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Information as required to be given under Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in the annexure to this report as Annexure VII.

### **CORPORATE SOCIAL RESPONSIBILITY ("CSR")**

The composition of the CSR Committee, CSR Policy and other required details are given in the Annual Report on CSR Activities annexed to this Report as Annexure VIII.

### **ACKNOWLEDGEMENTS**

The Board of Directors are grateful to Canadian Kay Pump Ltd., the main shareholder, and to KSB SE & Co. KGaA, Germany, the Company's collaborators, for their valuable assistance and support. They wish to record their appreciation for the co-operation and support of the Company's shareholders, bankers and all employees including the workers, staff and management and all others concerned with the Company's business.

On behalf of the Board of Directors  
GAURAV SWARUP  
Chairman

Mumbai, 23rd February, 2023

## ANNEXURE TO BOARD'S REPORT

ANNEXURE I TO BOARD'S REPORT

FORM NO. AOC-1

Statement containing salient features of the financial statement of subsidiaries/associate companies as per Section 129 (3) and Rules thereunder

Part "A": Subsidiaries

₹ Million

Name of the subsidiary	Pofran Sales and Agency Limited
The date since when subsidiary was acquired	7th January, 2005
Reporting period for the subsidiary concerned, if different from the holding company's reporting	1st April, 2022 to 31st March, 2023*
Reporting currency and Exchange rate	₹
Share capital	0.50
Reserves & Surplus	1.25
Total Assets	1.79
Total Liabilities	0.04
Investments	-
Turnover	_*_*
Profit / (Loss) before taxation	(0.06)
Provision for taxation	0.00
Profit / (Loss) after taxation	(0.06)
Proposed Dividend	-
% of shareholding	100

\*The consolidation is based on the unaudited financial information for the period ended as on 31st December, 2022 of the subsidiary.

\*\* Subsidiary's business operations are temporarily stopped subsequent to termination of agency agreement with its sole customer.

Part "B": Associate

₹ Million

Name of the associate	KSB MIL Controls Limited
The date on which associate was associated / acquired	24th October, 1997
Latest audited Balance Sheet date	31st December, 2022
Number of shares of associate held by the company on the year end	7,35,000
Amount of investment in associate	62.65
Extent of holding %	49%
Description of how there is significant influence	Ownership of 20% or more of the voting power
Reason why the associate is not consolidated	Ownership of not more than 50% of the voting Power and no control over the Board
Networth attributable to shareholding as per latest audited Balance Sheet	742.78
Profit / Loss for the year	162.41
i. Considered in consolidation	79.58
ii. Not Considered in consolidation	82.83

For and on behalf of the Board of Directors

Mahesh Bhave  
Chief Financial Officer

Gaurav Swarup  
Chairman

Shraddha Kavathekar  
Company Secretary

D. N. Damania  
Director

Place: Mumbai

Rajeev Jain

Date: 23rd February, 2023

Managing Director



---

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

---

### ANNEXURE II TO BOARD'S REPORT

#### INTRODUCTION

The Company is engaged in the business of manufacture of power driven pumps and industrial valves. Castings are mainly produced for captive consumption.

#### INDUSTRY STRUCTURE AND DEVELOPMENT

##### General

The global macro-economic outlook remains uncertain with inflation still out of control in many key economies. The global growth is expected to be 2.9% in 2023, a drop from the 3.4% in 2022. High inflation, rising interest rates, geopolitical uncertainties and natural disasters are factors that are driving down the growth expectations. The global inflation is likely to be 6.6% in 2023, down from the 8.8% in 2022 but still at a high level with possible upside risks. The serial disruptions in global supply chains due to COVID followed by the Russo-Ukrainian war and the sanctions are expected to drive energy and food inflation.

Indian economy is expected to grow by 6.1% in 2023 and by 6.8% in 2024. Despite the rising interest rates and external headwinds, the domestic demands remain resilient. The inflation is expected to anchor down to the pre-pandemic levels by the end of 2023. The broad-based recovery in manufacturing is expected to be driven by the robust domestic demand. Government focus on infrastructure and the capital investments by private sector are expected to drive growth in the medium term. The improving investment outlook backed by Production-Linked Incentive (PLI) schemes for various sectors is expected to draw-in private investment in the manufacturing sector. Despite the effect of global slowdown on exports of merchandise and services, the service sector is expected to maintain a healthy growth rate.

##### Pumps and valves industries

The focus of government on infrastructure and capital expenditure is expected to crowd-in private investment benefitting the capital goods industry. Indian pump industry is one of the fastest growing markets in the world. Government focus on irrigation projects, drinking water supply, sanitation projects and urban housing is expected to drive the demand for pumps in the water segment. A series of capacity expansion drives and greenfield projects in the petrochemical, steel, cement and other allied industries will help the pump and the valve markets.

With the growth in manufacturing, process industries, hospitality and real estate, the Indian pump market is expected to grow at a sustained pace over the medium term. The technological innovations in this sector are contributing to the drive towards greener and sustainable manufacturing.

#### OPPORTUNITIES AND THREATS

The buoyant market situation owing to the growing demand for our pumps and valves presents a very good opportunity. The company continues to focus on increasing its market presence further with expanded network, including a new office in the north-east. We continue our efforts to identify emerging opportunities and expand our product offerings to newer market segments. We have launched several new products for firefighting, railways among other markets. Our dedicated focus on aftermarket segment is helping us enhance our long-term relationships with customers. We have taken several steps to ensure availability of spares and service on demand and to capitalize on the aftermarket opportunities.

We have put in place sound mitigation strategies for threats arising out of commodity prices, competition and exports slowdown. We are allocating necessary resources and investing adequately to ramp our capacities to cater to the increasing order intake.

---

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

---

### SEGMENTWISE PERFORMANCE (Consolidated)

During the year under review, pumps and related spares worth ₹ 15,219 Million (Previous year ₹ 12,620 Million) and valves and related spares worth ₹ 3,001 Million (Previous year ₹ 2,353 Million) were sold. Out of the above, export of pumps, valves and their spares in terms of value were ₹ 2,551 Million (Previous year ₹ 3,025 Million).

### OUTLOOK

Owing to the good general economic outlook and a virtuous capex cycle across industries, the Company expects a healthy growth in the Indian market for pumps, valves and services. The Exports growth is expected to be slower due to the global slowdown and the trade restrictions because of Russo-Ukrainian war. The impact of a global slowdown on domestic consumption in India though limited, can affect the capex projects in private sector to some extent.

### RISKS AND CONCERNS THE MANAGEMENT PERCEIVE

Risks to the outlook are primarily to the downside. With the ever-evolving geopolitical situation, high inflation prints globally and rising interest rates, the global growth is vulnerable to a further slowdown. The increased competition in domestic market due to the exports slowdown is expected to lead to aggressive price competition, impacting the bottom lines. Prolonged global slowdown risks impacting exports further and may impact the growth of Indian economy to some extent. The withdrawal of cheaper liquidity may lead to a slow-down in the capex cycle in the Industry and may hurt the demand for our pumps and valves.

### INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Internal Control Systems are implemented:

- To safeguard the Company's assets from loss or damage.
- To keep constant check on cost structure.
- To provide adequate financial and accounting controls and implement accounting standards.

The system is improved and modified continuously to meet with changes in business condition, statutory and accounting requirements.

Internal controls are adequately supported by Internal Audit and periodic review by the management.

The Audit Committee meets periodically to review -

- Financial statement, with the management and statutory auditors.
- Adequacy/scope of internal audit function, significant findings and followup thereon of any abnormal nature, with the internal auditors.

### DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL EFFICIENCY

Cost reduction have been achieved in certain areas by implementing efficiency improvement programme within the company.

The following statements cover financial performance review, which are attached to this report.

- a) Distribution of income
- b) Financial position at a glance
- c) Financial summary

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

### MATERIAL DEVELOPMENTS IN HUMAN RESOURCES, INDUSTRIAL RELATIONS

Year 2022 has proven to be a year of resilience setting multiple records, pivotal moments and achievements. By keeping the KSB's core sustainability principles like Environmental protection, Social commitments and Governance Culture (ESG) at center of operations we have attained new heights in business. We continued to adapt nimbly to serve business by focusing on enhanced employee engagement and Health and Safety measures. The power to innovate and embrace change remained the important pillars of our business and with the same focus, we have implemented measures like restructuring of departments, introduction of new business segments, investment in expansion of plants & infrastructure, employee friendly policies, Diversity & Inclusion, Employee Engagement activities, Communication Meetings with all employees, state of art offices and enhanced Health & Safety. By refocusing our business around core strengths we have become significantly more profitable, better balanced and more cost-efficient. With the execution of our HR strategy, we have been able to support our employees through the challenging conditions and embarked the high quadrant in the employee engagement survey. This execution of strategy includes continued efforts to raise awareness and facilitating open dialogues through several initiatives. We navigated our efforts on Skill and Knowledge enhancement, Process Improvisation, Retention of Employees, Leadership Development, Performance Management and Employee Engagement. The daunting task of maintaining the attrition rate below industry standards was achievable by fostering pleasant work environment, prioritization of growth of employees, offering competitive compensation and benefits, Development of Infrastructure, Communication Mechanisms, Succession Planning and Reward and Recognition. Healthy and co-operative employee relations at all plants ensured support to the business growth. As a result of these collaborative and collective efforts, we are well-equipped to deliver sustainable growth and have established us as a strong brand in the market.

### CAUTION

This report is based on the experience and information available to the Company in the pumps and valves business and assumption in regard to domestic and global economic conditions, government and regulation policies etc. The performance of the Company is dependent on these factors. It may be materially influenced by the changes therein beyond the Company's control, affecting the views expressed in or perceived from this report.

### KEY FINANCIAL RATIOS

Key financial ratios of the Company showing financial performance are as under:

Ratios (Standalone)	Year Ended	Year Ended
	31st December 2022	31st December 2021
1. Debtors Turnover (days)	83	72
2. Inventory Turnover	113	104
3. Operating Profit Margin (%)	12.40	12.16
4. Net Profit Margin (%)	9.88	9.86
5. Return on Net Worth (%)	17.43	16.19
6. Interest Coverage Ratio (%)	40.29	40.46

On behalf of the Board of Directors,  
GAURAV SWARUP  
Chairman

Mumbai, 23rd February, 2023

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

### DISTRIBUTION OF INCOME (STANDALONE)

	₹ Million			
	Year ended		Year ended	
	31st December, 2022		31st December, 2021	
	₹	%	₹	%
1. Raw Materials/Bought-out Components Consumed	9,880	52.90	7,924	51.66
2. Excise Duty (till 30th June, 2017)	-	-	-	-
3. Employee benefits expense	2,439	13.06	2,154	14.04
4. Other Expenses	3,434	18.39	2,800	18.26
5. Finance cost	61	0.33	50	0.33
6. Depreciation	453	2.42	436	2.84
7. Taxation				
Current	538	2.88	561	3.66
Deferred	76	0.41	(54)	(0.35)
8. Other Comprehensive (Income)/Expense	68	0.36	(6)	(0.04)
9. Dividend (including tax thereon)	435	2.33	296	1.93
10. Retained Earnings	1,290	6.91	1,176	7.67
TOTAL	<u>18,674</u>	<u>99.99</u>	<u>15,337</u>	<u>100.00</u>

### FINANCIAL POSITION AT A GLANCE (STANDALONE)

		₹ Million	
		Year ended	Year ended
		31st December, 2022	31st December, 2021
<b>CAPITAL</b>			
<b>ASSETS OWNED</b>			
Non-Current Assets			
1.	Property, Plant and Equipment (including Capital Work in Progress and RoU assets)	3,735	3,485
2.	Intangible Assets	17	13
3.	Investments	63	63
4.	Other Non-Current Assets (net)	562	106
5.	Deferred Tax Assets (net)	167	220
Current Assets (Net) excluding borrowings		6,386	5,754
TOTAL		<u>10,930</u>	<u>9,641</u>
<b>FINANCED BY</b>			
1.	Borrowings	-	-
2.	Net Worth*	10,931	9,641
TOTAL		<u>10,931</u>	<u>9,641</u>
*Represented by Equity Share			
Equity Share Capital		348	348
Other equity		10,583	9,293
TOTAL		<u>10,931</u>	<u>9,641</u>
<b>INCOME EARNED</b>			
1.	Revenue from operations	18,220	14,973
2.	Other Income	454	364
TOTAL		<u>18,674</u>	<u>15,337</u>
<b>INCOME DISTRIBUTED</b>			
1.	Materials consumed	9,880	7,924
2.	Employee benefits expense	2,439	2,154

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

	Year ended 31st December, 2022	₹ Million Year ended 31st December, 2021
3. Other expenses	3,434	2,800
4. Finance cost	61	50
5. Depreciation	453	436
6. Taxation		
Current	539	561
Deferred	76	(54)
7. Other Comprehensive (Income)/Expense (net)	68	(6)
8. Dividend (including tax thereon)	435	296
9. Retained Income	1,290	1,176
<b>TOTAL</b>	<b>18,674</b>	<b>15,337</b>

### FINANCIAL SUMMARY (STANDALONE)

	2022	2021	2020	2019	2018
<b>CAPITAL ACCOUNTS (₹ Million)</b>					
Liabilities					
Equity Share Capital	348	348	348	348	348
Other Equity	10,583	9,293	8,116	7,459	6,784
Non-Current Liabilities	453	537	462	424	366
Assets					
Non-Current Assets					
Gross Block	8467	7805	7,482	7,184	6,615
Net Block	3,752	3,498	3,435	3,418	3,252
Investments	63	63	63	63	63
Other Non-Current Assets	1,015	643	381	408	520
Deferred Tax Assets (net)	167	220	168	119	161
Current Assets (Net)	6,386	5,754	4,879	4,223	3,502
<b>REVENUE ACCOUNTS (₹ Million)</b>					
Revenue from operations and Other Income	18,674	15,337	12,404	13,308	11,198
Gross Profit before finance cost and depreciation	2,921	2,459	2,001	1,886	1,550
Finance cost	61	50	34	53	37
Depreciation	453	436	418	457	397
Profit before tax	2,407	1,973	1,549	1,376	1,116
Profit after tax	1,793	1,466	973	978	740
Dividend amount (including tax thereon)	435	296	278	251	243
Retained earnings	1,290	1,176	657	675	507
<b>SELECTED INDICATORS</b>					
Return on Capital Employed %	22.58	20.98	17.46	17.00	15.24
Current Ratio	2.01	2.06	2.01	1.96	1.96
Earnings per share	51.5	42.12	27.96	28.10	21.27
Debt equity ratio	0.00	0.00	0.07	0.08	0.06
Book value per share	314.05	276.99	243.18	224.30	204.91
Dividend %	125	85	80	60	60
Fixed Assets Turnover	4.98	4.38	3.61	3.89	3.44



## REPORT ON CORPORATE GOVERNANCE

### ANNEXURE III TO BOARD'S REPORT

#### 1. COMPANY'S PHILOSOPHY OF CORPORATE GOVERNANCE

The Company aims at conducting its business efficiently, by following professionally acknowledged good governance policies, thus meeting its obligations to all stakeholders in a balanced and accountable manner.

#### 2. BOARD OF DIRECTORS

##### (a) Composition

The Board of Directors comprises of eight Directors as on signing of this report, of whom one is Managing Director. The office of Managing Director is held by a nominee of Canadian Kay Pump Ltd., the Company's main shareholder.

##### (b) Attendance of each Director at the Board Meetings and the last Annual General Meeting ("AGM")

Name of the Director	DIN	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM
Mr. Gaurav Swarup	00374298	Chairman - NED	5	Yes
Mr. D. N. Damania	00403834	NED - I	5	Yes
Mr. Pradip Shah	00066242	NED - I	5	Yes
Mr. V. K. Viswanathan	01782934	NED - I	5	Yes
Ms. Sharmila Barua Roychowdhury	08242998	NED - I	5	Yes
Dr. Stephan Bross	00423114	NED	5	Yes
Dr. Matthias Schmitz	07884418	NED	5	Yes
Mr. Rajeev Jain	07475640	Managing Director - ED	5	Yes

ED : Executive Director NED : Non-Executive Director NED - I : Non-Executive Director - Independent

##### (c) Number of other Companies or Committees the Director of the Company is a Director/ Member/Chairman

Name of Director	No. of Directorships in other Boards @	No. of Memberships in other Board Committees #	No. of Chairmanships in other Board Committees #
Mr. Gaurav Swarup	8	2	Nil
Mr. D. N. Damania	3	3	Nil
Mr. Pradip Shah	7	4	3
Mr. V. K. Viswanathan	6	1	5
Ms. Sharmila Barua Roychowdhury	Nil	Nil	Nil
Dr. Stephan Bross	1	Nil	Nil
Dr. Matthias Schmitz	Nil	Nil	Nil
Mr. Rajeev Jain	2	Nil	1

@ Directorships of other Indian Public Limited Companies are included.

# Memberships / Chairmanships in Audit Committee and Stakeholders' Relationship Committee of Indian Public Limited Companies are included.

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### (d) Membership on the Boards of other listed Companies

Name of Director	Name of other Listed Company	Category
Mr. Gaurav Swarup	Swadeshi Polytex Limited	Chairman & NED
	Lohia Group Limited	NED-I
	Industrial And Prudential Investment Company Limited	Chairman & MD
	Avadh Sugar & Energy Limited	NED-I
	TIL Limited	NED-I
	Graphite Limited	NED-I
Mr. D. N. Damania	Sanghvi Movers Limited	NED-I
	Sudarshan chemical Industries Limited	NED-I
Mr. Pradip Shah	BASF India Limited	Chairman & NED-I
	Kansai Nerolac Paints Limited	Chairman & NED-I
	Sonata Software Limited	Chairman & NED-I
	Pfizer Limited	NED-I
	Bajaj Auto Limited	NED-I
	Bajaj holding and investment	NED-I
Mr. V. K. Viswanathan	Bharti Airtel Limited	NED-I
	HDFC Life Insurance Company Limited	NED-I
	United Spirits Limited	NED-I
	ABB India Limited	NED-I
Ms. Sharmila Barua Roychowdhury	Nil	Nil
Dr. Stephan Bross	Nil	Nil
Dr. Matthias Schmitz	Nil	Nil
Mr. Rajeev Jain	Nil	Nil

MD : Managing Director,

NED : Non-Executive Director

NED – I : Non-Executive Director – Independent

### (e) Details of Board Meetings held during the year under review

During the year 2022, 5 Meetings were held on 24th February, 2022, 11th May, 2022, 11th August, 2022, 2nd November, 2022 and 7th December, 2022.

The information as specified in Schedule II to the Listing Regulations, 2015 is regularly made available to the Board, wherever applicable, for discussion and consideration.

---

## REPORT ON CORPORATE GOVERNANCE (Contd.)

---

(f) There are no inter-se relationships between the Board members.

(g) Number of shares held by Non-Executive Directors

Name of Non- Executive Director	No. of shares held
Mr. Gaurav Swarup	34,000
Mr. D. N. Damania	4,200

No other Non-Executive Directors hold shares in the Company.

(h) Web-link of familiarisation programme for Independent Directors :  
<https://www.ksbindia.co.in>

(i) The Board evaluates its composition to ensure that the Board has the appropriate mix of skills, experience, independence and knowledge to ensure their continued effectiveness. In the table below, the specific areas of focus or expertise of individual Board members have been highlighted.

No.	Essential Core skills/expertise/competencies required for the Company	Core skills/expertise/competencies of all the Directors on the Board of the Company
1	Strategic and Business Leadership	The Directors and especially the Managing Director have many years of experience.
2	Financial expertise	The Board has eminent business leaders with deep knowledge of finance and business.
3	Governance, Compliance and Regulatory	The presence of Directors with qualifications and expertise in Law and Regulatory affairs lends strength to the Board.
4	Knowledge and expertise of Trade and Technology	The Directors have profound knowledge of economic affairs, trade and technology related matters.

(j) The Board has noted the declaration received from the Independent Directors pursuant to Listing Regulations, 2015 with regard to their Independence and is of the opinion that the Independent Directors fulfil the conditions of independence and are independent of the management of the Company.

### 3. COMMITTEES OF THE BOARD

#### A. Audit Committee

##### i. Terms of Reference

The terms of reference of this Committee are wide enough covering the matters specified under the Listing Regulations, 2015 and the Act.

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### ii. Composition, Name of Members and Chairperson

Name of Member	No. of Meetings held	No. of Meetings attended
Mr. D. N. Damania (Chairman)	5	5
Mr. Gaurav Swarup	5	5
Mr. Pradip Shah	5	5
Mr. V. K. Viswanathan	5	5
Ms. Sharmila Barua Roychowdhury	5	5
Dr. Matthias Schmitz	5	5

### iii. Details of Audit Committee Meetings held during the year under review

Meetings were held on 24th February, 2022, 11th May, 2022, 11th August, 2022, 2nd November, 2022 and 7th December, 2022.

Managing Director, Chief Financial Officer, Internal Auditors and Statutory Auditors are invitees to the meeting. The Company Secretary of the Company acts as the Secretary to the Committee.

## B. Nomination and Remuneration Committee

### i. Terms of Reference

The terms of reference of this Committee are wide enough covering the matters specified under the Listing Regulations, 2015 and the Act.

### ii. Composition, Name of Members and Chairperson

Name of Member	No. of Meetings held	No. of Meetings attended
Mr. D. N. Damania (Chairman)	4	4
Mr. Pradip Shah	4	4
Mr. Gaurav Swarup	4	4

### iii. Details of Nomination and Remuneration Committee Meetings held during the year under review

Meetings were held on 24th February, 2022, 11th May, 2022, 2nd November, 2022 and 7th December 2022.

### iv. Remuneration Policy

Remuneration Policy of the Company aims at recommending and reviewing the remuneration to Managing Director, Non-Executive Directors and Key Managerial Personnel of the Company and is based on evaluation criteria such as industry benchmarks, Company's annual performance and its strategy, expertise, talent and meritocracy including criteria for determining qualification, positive attributes, independence of a Director etc.

---

## REPORT ON CORPORATE GOVERNANCE (Contd.)

---

v. Annual evaluation of Board, Committees and individual Directors

Pursuant to the provisions of the Act, Listing Regulations, 2015 and the Remuneration Policy of the Company, the Board of Directors/ Independent Directors/ Nomination and Remuneration Committee (as applicable) has undertaken an evaluation of its own performance, the performance of its Committees and of all the individual Directors including the Chairman of the Board of Directors based on various parameters relating to roles, responsibilities and obligations of the Board, effectiveness of its functioning, contribution of Directors at meetings and the functioning of its Committees. Summary of evaluation is presented to the Nomination and Remuneration Committee and the Board of Directors (as applicable).

Directors express their satisfaction with the evaluation process.

C. Corporate Social Responsibility Committee

i. Terms of Reference

The terms of reference of this Committee are wide enough covering the matters specified under Companies Act, 2013 and the Rules made thereunder.

ii. Composition, Name of Members and Chairperson

Name of Member	No. of Meetings held	No. of Meetings attended
Mr. D. N. Damania (Chairman)	3	3
Mr. Gaurav Swarup	3	3
Mr. Rajeev Jain	3	3

iii. Details of Corporate Social Responsibility Committee meetings held during the year under review

Meetings were held on 24th February, 2022, 11th August, 2022 and 2nd November, 2022.

D. Stakeholders' Relationship Committee

i. Terms of Reference:

The terms of reference of this Committee are wide enough covering the matters specified under the Listing Regulations, 2015 and the Act.

ii. Composition, Name of Members and Chairperson

Name of Member	No. of Meetings held	No. of Meetings attended
Mr. D. N. Damania (Chairman)	1	1
Mr. Gaurav Swarup	1	1
Mr. Rajeev Jain	1	1

iii. Details of Stakeholders' Relationship Committee Meetings held during the year under review:

Meeting was held on 11th August, 2022.

## REPORT ON CORPORATE GOVERNANCE (Contd.)

- iv. Mr. Mahesh Bhawe, Company Secretary was Compliance Officer upto closure of business hours on 31st December, 2022. Ms. Shraddha Kavathekar has been appointed as Compliance Officer effective from 1st January, 2023.

During the year under review 3 grievances were received based on the reports from Link in time India Private Limited.

The grievances have been resolved to the satisfaction of the shareholders. There are no pending Complaints as at the year end.

E. Risk Management Committee

i. Terms of Reference

The terms of reference of this Committee are wide enough covering the matters specified under the Listing Regulations, 2015 and the Act.

ii. Composition, Name of Members and Chairperson

Name of Member	No. of Meetings held	No. of Meetings attended
Mr. Pradip Shah (Chairman)	3	3
Dr. Matthias Schmitz	3	3
Mr. Rajeev Jain	3	3

iii. Details of Risk Management Committee meetings held during the year under review

Meetings were held on 24th February, 2022, 11th August, 2022 and 2nd November, 2022.

#### 4. REMUNERATION OF DIRECTORS

The remuneration payable to the Executive Director is approved by the members at the general meeting of the Company. Remuneration of Executive Director consists of a fixed salary, perquisites, performance linked bonus, based on the individual and the Company's performance and commission based on net profits of the Company subject to a ceiling of 50% of the annual salary. The Board of Directors on the recommendation of Nomination and Remuneration Committee determine the performance linked bonus from year to year.

(a) Details of remuneration paid/payable to the Executive Director for the year under review

₹ '000s

Name of the Director	Salary	Commission	Performance linked bonus	Perquisites and Contribution to Provident Fund	Total	Terms of appointment
Mr. Rajeev Jain	12,279	6,139	17,976	16,234	52,628	For a term of 5 years effective from 1st July, 2021.

Notes:

- i. The above remuneration to Mr. Rajeev Jain excludes contribution for gratuity, superannuation and personal accident insurance premium and the liability for encashable leave as the figures for the Director are not separately available.



## REPORT ON CORPORATE GOVERNANCE (Contd.)

- ii. The Company does not have a stock option scheme.
  - iii. The notice period for Mr. Rajeev Jain will be as per the service contract mutually agreed between him and the Board. No severance fees are payable to the Director.
- (b) The Board of Directors decide the remuneration of Non-Executive Directors which consists of a sitting fee as well as commission based on the net profits of the Company. As approved by the members commission amount is limited to 1% of the net profits of the Company.

Details of remuneration to Non-Executive Directors for the period 1st January, 2022 to 31st December, 2022 are as under:

₹ '000s

Name of the Directors	Directors' Fees	Commission (to be proposed)
Mr. Gaurav Swarup	465	3,194.40
Mr. D. N. Damania	465	1,597.20
Mr. Pradip Shah	455	1,597.20
Mr. V. K. Viswanathan	350	1,597.20
Ms. Sharmila Barua Roychowdhury	350	1,597.20
Dr. Stephan Bross	200	1,597.20
Dr. Matthias Schmitz	395	1,597.20
Total	2,680	12,777.60

### 5. GENERAL BODY MEETINGS

- (i) Location and time where last three Annual General Meetings were held

Financial Year	Date	Time	Venue
2019	28th September, 2020	3.00 p.m.	Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM")
2020	29th April, 2021	3.00 pm	Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM")
2021	11th May, 2022	12.00 pm	Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM")

- (ii) Special Resolution passed in the previous three Annual General Meetings

Financial Year	Special Resolution Passed
2019	No
2020	Yes
2021	No

## REPORT ON CORPORATE GOVERNANCE (Contd.)

(iii) Postal Ballot

No resolution was required to be passed by means of a postal ballot during the last year. Resolution, if required, shall be passed by Postal Ballot during the Financial Year 2023, as per the prescribed procedure.

### 6. MEANS OF COMMUNICATION

i. Quarterly Results	Published in the newspaper every quarter
ii. Newspapers wherein results are normally published	Navshakti, Free Press Journal and Economic Times
iii. Any website, where results are displayed	On the website of the Company at <a href="http://www.ksbindia.co.in">www.ksbindia.co.in</a> and on websites of BSE Limited and National Stock Exchange of India Ltd.
iv. Whether it also displays official news releases	Yes
v. The presentations made to institutional investors or to the analysts	Yes and the same is available on the website of the Company at <a href="http://www.ksbindia.co.in">www.ksbindia.co.in</a>

### 7. GENERAL SHAREHOLDER INFORMATION

AGM: Date, Time and Venue	11th May, 2023 at 1.00 p.m. through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM").
Financial Year	The financial year under review covers the period 1st January, 2022 to 31st December, 2022.
Date of Book Closure	30th April, 2023 to 11th May, 2023 (both days inclusive).
Dividend Payment date	25th May, 2023 onwards
Listing on Stock Exchanges	1. BSE Limited, Mumbai 2. National Stock Exchange of India Limited (NSE), Mumbai The Company has paid the listing fees for the period 1st April, 2022 to 31st March, 2023.
Stock Code	1. BSE : 500249 2. NSE : KSB 3. ISIN : INE999A01015
Market Price Data: High, Low during each month in last Financial year	Please see Annexure 'A'.
Performance in comparison to broad-based indices such as BSE Sensex, CRISIL index etc.	The performance of the Company's share relative to the BSE index is given in Annexure 'B'.

## REPORT ON CORPORATE GOVERNANCE (Contd.)

Registrar and Transfer Agent	Link Intime India Pvt. Ltd.
Share Transfer System	Transfer of shares held in physical form is not permitted after 31st March, 2019 as per the SEBI notifications.
Updation of KYC details	Members are requested to update their KYC details with Company's RTA viz. Link in time India Pvt. Ltd. at the earliest.
Distribution of Shareholding and Shareholding pattern as on 31st December, 2022	Please see Annexure 'C'.
Dematerialisation of shares and liquidity	99.29% of the Paid-up Capital has been dematerialised as on 31st December, 2022.
Outstanding GDRs/ADRs/Warrants or any Convertible instruments conversion date and likely impact on equity	Not issued.
Plant Locations	The Company's plants are located at <b>Maharashtra-</b> Pimpri, Pune Chinchwad, Pune Vambori, Ahmednagar Sinnar, Nashik Kesurdi, Shirwal / Khandala <b>Tamil Nadu-</b> NSN Palayam, Coimbatore
Address for correspondence	Shareholders should address correspondence to Link Intime India Pvt. Ltd., C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 Tel No.: 022 49186270 E-mail: rnt.helpdesk@linkintime.co.in
Credit Rating	The Company does not have any debt instruments, fixed deposit program or any scheme for mobilization of funds and accordingly it has not obtained any credit ratings during the financial year for these purposes. The details of Credit Rating obtained for borrowings are covered in the Board's Report annexed herewith.

### 8. DISCLOSURES

- A. Pursuant to requirements of Listing Regulations, 2015 the Company has adopted the policy determining material subsidiaries and the policy on related party transactions and the said policies are available on the Company's website at: [www.ksbindia.co.in](http://www.ksbindia.co.in)
- B. Disclosure on Material Related Party Transactions  
The Company has not entered into any transactions of a material nature with the promoters, Directors or management their subsidiaries or relatives etc. that may have

## REPORT ON CORPORATE GOVERNANCE (Contd.)

a potential conflict with the interests of the Company at large.

Normal trade transactions, sales commission agreement for exports and license and technical collaboration agreements are being entered into with KSB SE, Germany and other group Companies from time to time. Further, remuneration is paid to Directors, dividend is paid on shares held by Directors, etc. Full disclosures on related party transactions, as per the Ind AS 24 are given under Notes to the financial statements. The link of the Related Party Policy of the Company has been included in the annexure IX to the Board's Report.

Details of shareholdings of Non-Executive Directors and dividend paid thereon:

Name of the Directors	No. of shares held	Dividend paid (₹)
Mr. Gaurav Swarup	34,000	4,25,000
Mr. D. N. Damania	4,200	52,500

- C. Details of non-compliance, penalties and strictures imposed on the Company by the Stock Exchanges/ SEBI/ Statutory Authorities on matters relating to capital markets during the last three years.

The Company has complied with the requirements of regulatory authorities on capital markets and no penalties/strictures have been imposed against it in the last three years.

- D. Board Disclosures - Risk Management

The Company has laid down procedures and informed the Board members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management controls risk through means of a properly defined framework.

- E. Whistle Blower Policy

The Whistle Blower Policy has been adopted to provide appropriate avenues to the stakeholders to bring to the attention of the management, the concerns about any unethical behaviour, by using the mechanism provided in the Policy. We affirm that no personnel has been denied access to the Chairman of the Audit Committee.

- F. Details required under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

i. number of complaints filed during the financial year: Nil

ii. number of complaints disposed of during the financial year: Nil

c. number of complaints pending as on end of the financial year: Nil

- G. Certificate from practicing Company Secretary on eligibility of the Board of Directors to serve as Directors is annexed to this Report.

- H. The Board has accepted the recommendations of its Committees, as applicable.

- I. The total fees for all services paid by the Company to the statutory auditor are mentioned in financial statements.

- J. There are Nil Loans and advances in the nature of loans, by the Company and our Subsidiary, to the firms/companies in which our Directors are interested.

- K. The Company does not have a material subsidiary.

### 9. NON-MANDATORY REQUIREMENTS

The Company has complied with all requirements of corporate governance specified in Listing Regulations, 2015.

The status with regard to compliance by the Company with discretionary requirements as listed out in Part E of Schedule II of the SEBI Listing Regulations is as under:

- a. The position and office of the Chairman of the Board of Directors and that of MD /

---

## REPORT ON CORPORATE GOVERNANCE (Contd.)

---

- CEO are separate.
- b. The audit report of the Company's Financial Statements for the year ended 31st December, 2022 is unmodified.
  - c. The Internal Auditors engaged by the Company report directly to the Audit Committee.
  - d. The Company follows a robust process of communicating with the shareholders which has been elaborated in the Report under the Heading 'Means of Communication'.

On behalf of the Board of Directors  
GAURAV SWARUP  
Chairman

Mumbai, 23rd February, 2023

---

### Declaration by the Managing Director under Schedule V to SEBI Listing Regulations, 2015 regarding compliance with Business conduct Guidelines (Code of Conduct)

All Board members and senior management personnel have affirmed compliance with the Code of Conduct for the year 2022.

Rajeev Jain  
Managing Director

Mumbai, 23rd February, 2023

---

### CERTIFICATE ON CORPORATE GOVERNANCE

To,  
The Members,  
KSB Limited

We have examined the compliance of conditions of Corporate Governance by KSB LIMITED (hereinafter referred as "Company") for the Financial year ended December 31, 2022 as prescribed under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paras C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "Listing Regulations").

We state that compliance of conditions of Corporate Governance is the responsibility of the management, and our examination was limited to procedures and implementation thereof adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to our examination of the relevant records and the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as prescribed under Listing Regulations.

We further state that such compliance is neither on 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.

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

For Mehta & Mehta, Company Secretaries  
(ICSI Unique Code P1996MH007500)  
Ashwini Inamdar, Partner  
FCS No: F 9409, CP No.: 11226  
UDIN: F009409D003188090

Place: Mumbai

Date: 23rd February, 2023

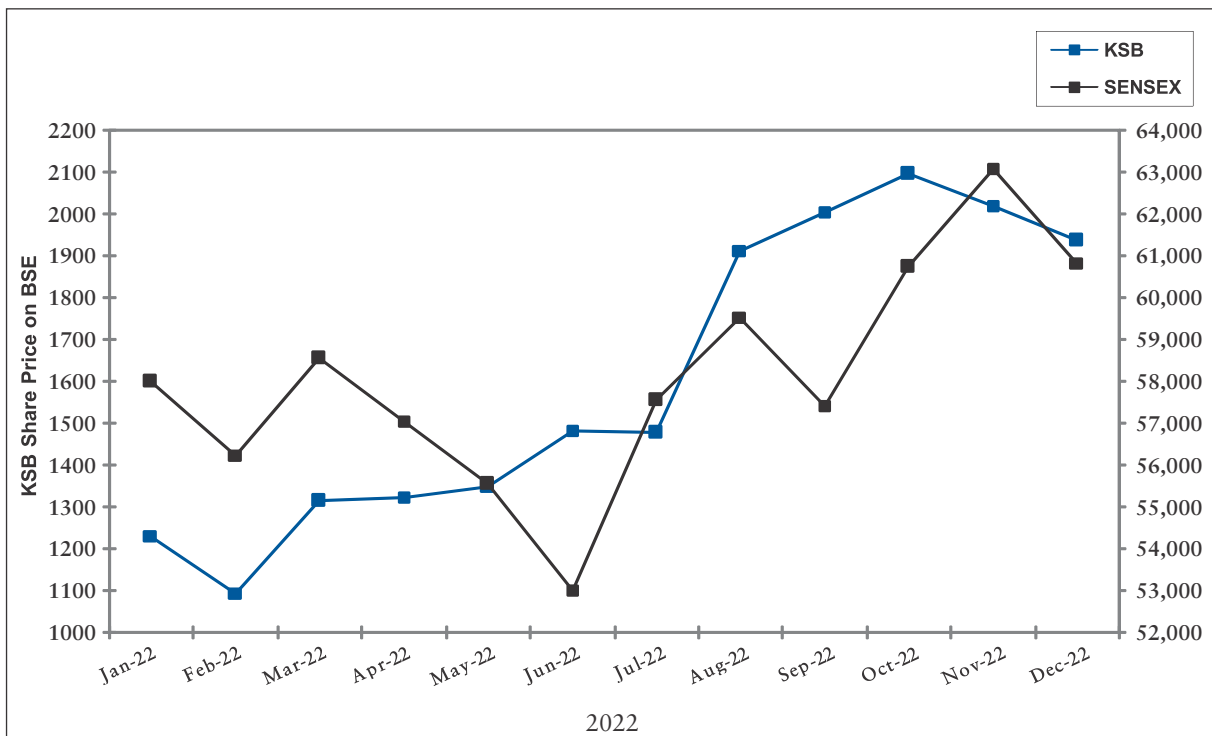
## REPORT ON CORPORATE GOVERNANCE (Contd.)

### ANNEXURE A

Price and volume of shares traded as on 31st December 2022

Month/Year	BSE Ltd.			National Stock Exchange of India Ltd.		
	High (₹)	Low (₹)	Volume traded	High (₹)	Low (₹)	Volume traded
January, 2022	1,300	1,204	24,700	1,311	1,751	3,73,840
February, 2022	1,245	960	31,140	1,243	960	8,48,080
March, 2022	1,325	1,023	83,820	1,331	1,030	15,10,000
April, 2022	1,415	1,295	42,710	1,415	1,288	4,87,650
May, 2022	1,522	1,184	59,220	1,523	1,198	10,70,000
June, 2022	1,520	1,283	71,160	1,519	1,281	5,40,360
July, 2022	1,625	1,414	40,190	1,624	1,412	7,07,300
August, 2022	1,949	1,474	62,370	1,949	1,470	10,80,000
September, 2022	2,098	1,810	70,400	2,109	1,810	5,90,620
October, 2022	2,171	1,944	54,440	2,174	1,942	5,90,270
November, 2022	2,100	1,769	70,910	2,100	1,767	5,29,520
December, 2022	2,042	1,752	38,600	2,052	1,751	3,74,310

### ANNEXURE B





## REPORT ON CORPORATE GOVERNANCE (Contd.)

### ANNEXURE C

Distribution of shareholding as on 31st December, 2022

Number of shares held	Members		Shares	
	Number	%	Number	%
1-500	25,896	93.01	15,41,307	4.43
501-1,000	888	3.19	6,65,537	1.91
1,001-2,000	575	2.07	8,49,917	2.44
2,001-3,000	185	0.66	4,44,724	1.28
3,001-4,000	78	0.28	2,69,074	0.77
4,001-5,000	35	0.13	1,54,629	0.44
5,001-10,000	82	0.29	5,66,953	1.63
10,001 and above	102	0.37	3,03,15,703	87.10
<b>Total</b>	<b>27,841</b>	<b>100.00</b>	<b>3,48,07,844</b>	<b>100.00</b>

Categories of shareholders as on 31st December, 2022

Category	No. of Shares held	% to the Capital
Indian Promoters	91,03,458	26.15
Foreign Promoters	1,41,10,848	40.54
Mutual Funds and UTI	28,03,185	8.05
Banks, Financial Institutions and Insurance Companies	8,98,102	2.58
Foreign Institutional Investors	-	-
Private Corporate Bodies	13,39,049	3.85
Indian Public/Trust	51,16,655	14.70
Foreign Nationals/NRIs	14,36,547	4.13
<b>Total</b>	<b>3,48,07,844</b>	<b>100.00</b>

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members,  
KSB LIMITED  
Office No. 601, Runwal R-Square,  
L.B.S. Marg, Mulund (West),  
Mumbai - 400080.

We have examined the relevant registers, records, forms, returns, declarations and other disclosures received from the Directors of KSB LIMITED, having CIN : L29120MH1960PLC011635 and having registered office situated at Office No. 601, Runwal R- Square, L.B.S. Marg, Mulund (West), Mumbai - 400080 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and carried by us and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on December 31, 2022 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authorities:

Sr. No.	Name of Director	DIN	Date of Appointment in Company
1.	Gaurav Swarup	00374298	24/01/2000
2.	Pradip Panalal Shah	00066242	21/06/2008
3.	Dara Nadirshaw Damania	00403834	30/12/1981
4.	Stephan Bross	00423114	11/02/2014
5.	Vegulaparanan Kasi Viswanathan	01782934	16/01/2015
6.	Rajeev Jayantiprasad Jain	07475640	01/07/2016
7.	Matthias Gunter Schmitz	07884418	25/07/2017
8.	Sharmila Barua Roychowdhury	08242998	30/09/2018

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Mehta & Mehta, Company Secretaries  
(ICSI Unique Code P1996MH007500)  
Ashwini Inamdar, Partner  
FCS No: F 9409, CP No.: 11226  
UDIN: F009409D003188035

Place: Mumbai  
Date: 23rd February, 2023

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

### ANNEXURE IV TO THE BOARD'S REPORT

#### SECTION A: GENERAL DISCLOSURES

##### I. Details of the listed entity:

S. No.	Question	Response
1.	Corporate Identity Number (CIN) of the Entity	L29120MH1960PLC011635
2.	Name of the Listed Entity	KSB Limited
3.	Year of Incorporation	1960
4.	Registered Office Address	Office No. 601, Runwal R-Square, L.B.S. Marg, Mulund (West), Mumbai Mumbai City - 400080, Maharashtra, India.
5.	Corporate Address	KSB Limited, Mumbai - Pune Road, Pimpri Pune- 411018, Maharashtra, India.
6.	E-mail	<a href="mailto:compsec.india@ksb.com">compsec.india@ksb.com</a>
7.	Telephone	020- 27101024
8.	Website	<a href="http://www.ksbindia.co.in">www.ksbindia.co.in</a>
9.	Financial Year for which report is being done	1st January, 2022 to 31st December, 2022
10.	Name of the Stock Exchange(s) where shares are listed	BSE Limited, Mumbai, and National Stock Exchange of India Limited (NSE)
11.	Paid-up Capital (INR.)	34,80,78,440
12.	Name and contact details (telephone, email) of the person who may be contacted in case of queries on the BRSR report	Ms. Shraddha Kavathekar Company Secretary <a href="mailto:compsec.india@ksb.com">compsec.india@ksb.com</a> 020- 27101024
13.	Reporting Boundary (Standalone or Consolidated basis)	Standalone

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

### II. Products and Services:

14. Details of business activities(accounting for 90% of the turnover):			
S. No.	Description of Main Activity	Description of Business Activity	% Turnover of the entity
1.	Manufacturing of pumps, valves, systems and related services	Electrical equipment, general purpose and special purpose machinery and equipments.	100%

15. Product/ Services sold by the entity(accounting for 90% of the entity's turnover):			
S. No.	Product/ Service	NIC Code	% of total turnover contributed
1.	<b>Pumps and Valves</b> Manufacture of fluid power equipment, Manufacture of other pumps, compressors, taps and valves	2812 and 2813	100 %

### III. Operations:

16. Number of locations where plants and/or operations/ offices of the entity are situated:			
Location	Number of Plants	Number of Offices	Total
<b>National</b>	<b>6 Plants</b> <b>Maharashtra:</b> <ul style="list-style-type: none"> <li>• Pimpri &amp; Chinchwad, District - Pune</li> <li>• Vambori, District - Ahmednagar</li> <li>• Sinnar, District - Nashik</li> <li>• Kesurdi, Shirwal, District - Satara</li> </ul> <b>Tamil Nadu:</b> <ul style="list-style-type: none"> <li>• NSN Palayam, District - Coimbatore</li> </ul>	<b>14 Branch Offices and 4 Zonal Offices</b> <b>North- Noida (ZO)</b> <ul style="list-style-type: none"> <li>• Chandigarh, Jaipur, Lucknow &amp; Noida</li> </ul> <b>East- Kolkata (ZO)</b> <ul style="list-style-type: none"> <li>• Bhubaneshwar, Jamshedpur, Raipur, Kolkata, Indore, Guwahati &amp; Patna</li> </ul> <b>West- Mumbai (ZO)</b> <ul style="list-style-type: none"> <li>• Mumbai, Baroda, &amp; Pune</li> </ul> <b>South- Chennai (ZO)</b> <ul style="list-style-type: none"> <li>• Bengaluru, Secunderabad, Chennai &amp; Kochi</li> </ul>	<b>24</b>
<b>International</b>	<b>NIL</b>	<b>1</b> Liaison office in Bangladesh	<b>1</b>

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

### 17. Markets Served by the Entity:

<b>a. Number of Locations:</b>	
<b>Location</b>	<b>Number</b>
National (No. of States)	Pan India
International (No. of Countries)	KSB exports to many countries worldwide
<b>b. What is the contribution of exports as a percentage of the total turnover of the entity?</b>	
KSB India's export contribution is 13% of the total turnover of the entity.	
<b>c. A Brief on types of customers?</b>	
Our customers includes different public sector enterprises, various EPC/LSTK/other contractors, dealers, retailers, direct customers, corporates, semigovernment bodies, online buyers, inter-company exports etc.	

### IV. Employees:

#### 18. Details as at the end of the Year 2022:

##### a. Employees and Workers

Employees (including differently abled)						
S. No.	Particulars	Total (A)	Male		Female	
			Number (B)	% (B/A)	Number (B)	% (B/A)
1.	Permanent Employees	1,171	1,086	92.74%	85	7.26%
2.	Other than Permanent Employees	132	90	68.18%	42	31.82%
3.	Total Employees (1+2)	1,303	1,176	90.25%	127	9.75%

Workers (including differently abled)						
S. No.	Particulars	Total (A)	Male		Female	
			Number (B)	% (B/A)	Number (B)	% (B/A)
4.	Permanent Workers	766	763	99.61%	3	0.39%
5.	Other than Permanent Workers	1,473	1,465	99.46%	8	0.54%
6.	Total Workers (4+5)	2,239	2,228	99.51%	11	0.49%

##### b. Differently abled Employees and Workers

The company currently does not have differently abled employees and workers but is in process of diversifying its workforce strength and making its infrastructure accessible to all.

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

19. Participation/ Inclusion/ Representation of Women for year 2022			
Particulars	Total (A)	Number of Female (B)	% (B/A)
Board of Directors	8	1	12.5%
Key Management Personnel	3	0	0%

20. Turnover rate for permanent employees and workers:									
Particulars	Year 2022			Year 2021			Year 2020		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	7.98%	0.91%	8.89%	6.39%	0.55%	6.94%	2.09%	0.44%	2.53%
Permanent Workers	-	-	-	-	-	-	-	-	-

### V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. (a). Names of holding/ subsidiary/ associate companies/ joint ventures				
S. No.	Name of the holding/ subsidiary/ associate company/ joint venture (A)	Indicate whether holding/ subsidiary/ associate company/ joint venture	% of shares held by listed entity	Does the entity indicated at Column A, participate in the Business Responsibility initiatives of the entity (Yes/No)
1.	Pofran Sales and Agency Limited	Subsidiary Company	100%	No
2.	KSB MIL Controls Limited	Associate Company	49%	No

### VI. CSR Details

22. CSR related details	
(i). Whether CSR is applicable as per Section 135 of Companies Act, 2013 (Yes/No)	Yes
(ii). Turnover (in INR.)	18,219.60 Million
(iii). Net Worth (in INR.)	10,930.68 Million



## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

### VII. Transparency and Disclosures Compliances:

23. Complaints/ Grievances on any of the Principles (1-9) under the National Guidelines on Responsible Business Conduct:							
Stakeholder Group	Grievance Redressal Mechanism in place (Y/N) (Provide web-link of policy)	Current Year 2022			Previous Year 2021		
		No. of complaints filed	No. of complaints pending at close of year	Remarks	No. of complaints filed	No. of complaints pending at close of year	Remarks
Investors (other than shareholders)	Yes	0	0	-	0	0	-
Shareholders	Yes	3^	0	-	4^	0	-
Employees and Workers	Yes	0	0	-	0	0	-
Customers	Yes	10,283*	0	All reported complaints are registered in SAP system by claim management Monthly claim meetings are conducted across locations to decide needed corrective actions on complaints	17,236*	0	All reported complaints are registered in SAP system by claim management Monthly claim meetings are conducted across locations to decide needed corrective actions on complaints
Value Chain partners	Yes	0	0	-	0	0	-
Communities	Yes	0	0	-	0	0	-
Implementation Partners	Yes	0	0	-	0	0	-

\*: The figure includes toll-free registrations

^: The Complaints were closed during the respective quarters

### 24. 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, approach to adapt or mitigate the risk along-with its financial implications, as per the following format:

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

S. No.	Material Issue Identified	Indicate whether Risk or Opportunity	Rationale for identifying the risk/ opportunity	In case of Risk, approach to adapt or mitigate	Financial Implications of the risk or the opportunity
1.	Energy management	Opportunity	Enhancing and utilizing green energy to reduce carbon footprint of the organization.	KSB is producing 2.5% of energy through 3.27MW roof top solar at our plants in Pimpri, Sinner, Vambori and Shirwal. We will be adding roof top solar power generating capacity at Chinchwad and Coimbatore plant. Going forward we are also working on Group captive project of 4MW for our Vambori plant.	Reduced GHG emissions and less sensitivity to changes in cost of fossil fuel.
2.	Climate Change	Risk	Preparedness for emergency situations.	To identify the different climate risks more concretely across our manufacturing sites, our parent company received concrete risk assessments data via our insurance broker for the climate risks based on the individual GPS data (geographic coordinates) of the plants. Risks identified for KSB India plants are Earthquake, Storm, Wildfire and Lightrening. Accordingly, emergency preparedness plans have been modified and mock drills conducted for such situations at relevant locations.	Lack of adequate preparedness for some of these uncertain emergency situations may lead to employee health emergencies as well as loss of productivity of operations.
3.	Occupational Health & Safety	Risk & Opportunity	Non-compliance to set safe working procedures implemented by organization based on statutory norms and OHSMS ISO:45001:2018.	KSBL holds OHSMS ISO:45001:2018 certifications. Safety officers are appointed in each plant to create safety culture & safety awareness across the organization. Emergency plans/contingency plans for different situations are in place. Focus on safety basics, necessary training and awareness at all levels is ongoing and part of the DNA of the company. Mechanisms for incident investigations and reporting followed by remedial plan and engineering control are in place.	Lapses in Safety management may lead to loss of man-days, impact productivity of operations and loss of company reputation.

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

S. No.	Material Issue Identified	Indicate whether Risk or Opportunity	Rationale for identifying the risk/ opportunity	In case of Risk, approach to adapt or mitigate	Financial Implications of the risk or the opportunity
4.	Efficient Waste management	Risk & Opportunity	Poor waste management leads to legal noncompliance as well as hazard to environment.	Robust waste management system which regulates the measures taken regarding waste prevention, recycling, and ecologically acceptable disposal of the waste, internal collection and further treatment of waste for recycling and disposal.	Non-compliance certainly leads to environmental harm besides potential fines and penalties.
5.	Water Management	Risk & Opportunity	Poor water management leads to shortage of water and legal non-compliances.	At all plants of KSB, rainwater harvesting systems are in place which has percolating (approx.) 70+ Mio Lit of water into the ground every year. KSB has ETP/STP plants in all manufacturing locations which is treating approx. 30+ Mio Lit of water. At all plants of KSB, sprinklers/ drip irrigation mechanism is being used for gardening which results into water savings.	Non-availability of water may hamper the operations & non-compliance of water norms leads to fines and penalties.
6.	Employee Engagement	Opportunity	Engaged employees are more productive and tend to stay with organization for longer durations.	In employee engagement survey 2022, KSB Limited reached the Top Quartile of Engagement (78% employees are highly engaged & standing as a preferred employer to work with). As part of continuous cultural enhancement, we are conducting multiple employee engagement activities focusing on employee well-being and happiness. We intend to continue and introduce new engagement initiatives.	Employee engagement activities will enhance the employee morale resulting in productive work environment.
7.	Diversity, Equality, and Inclusion (DE&I)	Opportunity	Strength lies in differences and not in similarities. We showcase that DEI creates stronger bonds among individuals	KSB has clear policies, processes and governance structure to oversee the performance in this aspect. Goals and targets are drawn, and it is integrated to the performance evaluation of diverse leaders in the organization.	The opportunity can be evaluated in terms of the outcomes of a more diverse and

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

S. No.	Material Issue Identified	Indicate whether Risk or Opportunity	Rationale for identifying the risk/ opportunity	In case of Risk, approach to adapt or mitigate	Financial Implications of the risk or the opportunity
7 (Contd)			and hence stronger organization. Focus on DEI helps us create better trust with employees which helps them in turn to perform better.	At KSB we are promoting diversity and inclusion by providing equal opportunities to female candidates.	inclusive workplace. Benefits are in terms of productivity, innovation and certainly retention of talent.
8	Sustainable impact on clients	Opportunity	As a leader in nuclear pumps, KSB is uniquely positioned to assist its clients in this segment on sustainable solution. Also, KSB products in solar segment provide sustainable impact in those sectors.	KSB believes that any opportunity not capitalized is a risk. Aligned to this, at KSB, there is a dedicated Innovation Centre which is tasked to identify opportunities related to sustainability and create the appropriate solution for our clients.	The direct financial implication will be quantum of new projects with clients. Indirectly, the impact can be the benefits of environmental and social capital.
9	IT security, data protection and system availability	Risk and Opportunity	Security and Privacy – Growth in Company's operations increases the risk of data breaches and noncompliance with data privacy, protection, and regulations.	KSB group has established a data protection management system (DPMS) to continuously ensure data protection compliance in the company. It includes the necessary preventive and supervisory measures for dealing with potential data protection risks. Within the framework of the DPMS the measures for implementing	Any incident has a direct impact on the functioning of the company based on IT systems. It also leads to

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

S. No.	Material Issue Identified	Indicate whether Risk or Opportunity	Rationale for identifying the risk/ opportunity	In case of Risk, approach to adapt or mitigate	Financial Implications of the risk or the opportunity
9 (Contd)			<p>Business Continuity – The complex and expanding network of services offered and expansion of operations may result in a concurrent increase of entropic failure, which could be a collapse of availability or continuity of operations.</p> <p>System Availability – This has direct correlation with our productivity and impact on services offered to our clients.</p>	<p>statutory and operational data protection requirements are systematically planned, organized and implemented, controlled and monitored. The legal basis is the General Data Protection Regulation (GDPR) as well as other statutory organizational and regulatory requirements.</p> <p>KSB has implemented appropriate measures to ensure system availability to all stakeholders and also has taken various initiatives at global and local level to further strengthen the cyber security posture.</p> <p>Additionally, there are many other initiatives e.g. comprehensive cyber security assessment that are in the pipeline which should further help in improving the overall security posture.</p>	<p>regulatory implications and resulting reputational challenges – and these may result in financial implications.</p>
10	Governance and ethics	Risk and Opportunity	<p>Governance and Ethics are one of the main pillars of KSB culture. In KSB we structure our governance in a manner to inculcate ethical conduct throughout the organization. It is very clear that no organization can navigate sustainably on a long term without a strong governance and ethical culture. The regulation around</p>	<p>KSB has stipulated policies, processes and systems to ensure ethical conduct and a strong governance. The Code of Conduct of the KSB Group is our principal document that outlines the way KSB and employees should be conducting business.</p> <p>The whistle blower policy and various other reporting channels helps in identification of any challenges and correcting the same. Through the Audit Committee, the board also reviews this periodically.</p>	<p>Any non-compliance to corporate governance regulations can result in actions against the company which can result in financial implications and loss of reputation. There is also risk</p>

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

S. No.	Material Issue Identified	Indicate whether Risk or Opportunity	Rationale for identifying the risk/ opportunity	In case of Risk, approach to adapt or mitigate	Financial Implications of the risk or the opportunity
10 (Contd)			governance is also getting wider with more requirements around accountability, transparency and fairness and it is important for KSB to be not just meeting the regulation but be prepared for future requirements also.		resulting from any incidents which may not be regulatory, but still questioning the ethical conduct of business can result into damage to company's prestige and reputation.



## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

### SECTION B: Management and Process Disclosures

This section is aimed at helping businesses demonstrate the structures, policies, and processes out 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)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b. Has the policy been approved by the Board? * (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
c. Web Link of the policies, if available	The Policies / Codes required to be Statutorily disclosed are available on website of the Company at <a href="http://www.ksbindia.co.in">www.ksbindia.co.in</a> and other policies are available in company's internal network.								
2. Whether the entity has translated the policy into procedures? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
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 9001:2015</li> <li>• ISO 14001:2015</li> <li>• ISO 45001:2018</li> <li>• PED 2014/68/EU</li> </ul>								
5. Specific commitments, goals, and targets set by the entity with defined timelines, if any.	The management vision is covered in point No. 7 below and the Company is forming targets around the material issues identified in point No. 24 of section A.								
6. Performance of the entity against the specific commitments, goals, and targets along with reasons in case the same are not met.	The company invests in specific initiatives and solutions for energy conservation, water management, efficient waste management, greenhouse gas emissions, and environmental processes. The company regularly monitors, evaluates, and reviews specific KPIs and identifies improvement areas considering our roadmap for the future.								
<b>Governance, leadership, and oversight</b>									
<p>7. Statement by the 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> <p>At KSB Limited, we understand sustainability with a keen focus on environmental, economic, and social values, as well as the responsible use of resources and environment, including our responsibility to our employees, stakeholders, and our social commitment. Our sustainability principles including our quality, environmental protection, occupational health and safety guidelines serve as benchmarks to guide our actions.</p> <p>Our business activities are guided by the said principles. We are aware of the challenges posed by the threat of climate change and our planet's finite resources. We are doing our part to minimize the</p>									

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
<p>consequences of climate change by reducing our ecological footprint wherever possible. This includes continuously improving our products, processes, and services to meet the requirements of sustainable development and set new standards. We strive to reduce the consumption of energy and applicable raw materials as far as possible.</p> <p>Our production locations are certified to the environmental management standards ISO 14001 as well as ISO 45001 Occupational Health and Safety Management System. Our goal is to help our customers minimize their own environmental footprint with state-of-the-art and particularly energy-efficient products and technologies. Our products and technologies are optimized for energy efficiency and thus make their contribution to environmental responsibility.</p> <p>We support the compliant behavior of our employees within our own valid compliance management system which is designed to ensure that we always operate in accordance with the applicable laws and regulations. We attach great importance to diverse teams because they work more creatively, flexibly and multi-dimensionally than conventionally composed groups. They also make the company an attractive employer.</p> <p>Simultaneously, we understand our role as a responsible and valued neighbour in the communities and locations that we operate in and accordingly have taken various measures to fulfill our societal commitments through various CSR initiatives with focus areas on skill development and education, health care and sanitation, sustainability, elderly care and women empowerment. A noteworthy achievement is the complete upgradation of the state of the art Fluid Mechanics and Machinery Laboratory of Government Polytechnic, Pune (GPP) undertaken as part of our industry-institute partnership project.</p>									
<b>Policy and Management Processes</b>									
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies)	Mr. Rajeev Jain Managing Director (MD)								
9. Does the entity have a specified Committee of the Board/Director responsible for decision making on sustainability related issues? (Yes/No).If “Yes”, provide details.	The Company has formed an internal ESG Committee which drives the ESG agenda in the Company and the Committee reports to the Managing Director. The Managing Director has the responsibility to approve Company's ESG strategy and goals. The Managing Director reports to the Board and updates them on the business performance review and ESG updates.								

\*: The statutory policies are approved by the Board or Board Committees, as applicable. Other applicable policies are either approved by the Board or by the appropriate authority.

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 And Frequency (Annually/ Half yearly/ Quarterly/ Any Other- please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	The policies of the company as a practice are periodically reviewed by departmental or business heads and Directors of the company, basis the business needs and external changes. During the review, efficacy of the policies is assessed, and as applicable, necessary amendments are made to the policies and the associated procedures and processes. The policies on a periodic and need basis undergo review by the Board of the Directors, regarding regulation requirements and compliances.								
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances									

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If “Yes”, provide name of the agency.								
P1	P2	P3	P4	P5	P6	P7	P8	P9
The policies of the company are reviewed internally by various committees on need basis and third-party agencies are engaged for carrying audits and assurance as part of compliance requirements, which inter-alia includes policy review and assessment on a periodic basis.								

12. If Answer to Question (1) Above is “NO”, i.e., not all Principles are covered by a Policy, reasons to be stated:									
Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the Principles material to its business (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
The entity does not have the financial or human and technical resources available for the task (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
It is planned to be done in the next financial year (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
Any Other Reason (please specify)	NA	NA	NA	NA	NA	NA	NA	NA	NA

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

### SECTION C: Principle Wise Performance Disclosure

Entity demonstrates their performance in integrating the Principles and Core Elements with key processes and decisions.

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 current year:			
Segment	Total number of training and awareness programs held	Topics/ Principles covered under training and its impact	% of persons in respective category covered by the awareness programmes
Board of Directors	5	Familiarisation/awareness program for the Board of Directors/ KMPs of the Company is done periodically. The topics cover business, regulations, code of business conduct and ethics, economy and environmental, social and governance parameters, financial and taxation topics etc. In addition, frequent updates are shared with all the Board members/ KMPs apprising them on developments in the Company, key regulatory changes, risks, compliances, and legal cases, internal controls etc.	100%
Key Managerial Personnel	3	The KMP/employees of the Company undergo various training programmes throughout the year. Several training programs happened through a hybrid learning approach which entailed virtual classroom initiatives, along with dissemination of e-learning modules. Various trainings were undertaken during the year. In addition to the individual training completed in respective desired areas, following training were offered in the Company at large with associated programs e.g. Compliance 2022 training, Information and Cyber Security Awareness, Code of Conduct, POSH Awareness, and Introduction to ESG initiatives and CSR Programs.	100%
Employees other than BoD and KMPs	207		100%
Workers	22	Safety Training sessions	100%

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

### Essential Indicators

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 year 2022, 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 Obligations) Regulations, 2015 and as discussed on the entity's website)					
Monetary					
Particulars	NGRBC Principle	Name of the Regulatory/ enforcement agencies/ judicial institutions	Amount (in INR.)	Brief of Case	Has an appeal been preferred? (yes/ No)
Penalty/ Fine					No penalties / fines were levied to the company during the period.
Settlement					
Compounding Fee					
Non-Monetary					
Particulars	NGRBC Principle	Name of the Regulatory/ enforcement agencies/ judicial institutions	Amount (in INR.)	Brief of Case	Has an appeal been preferred? (yes/ No)
Imprisonment					No non-monetary implications during the period.
Punishment					

3. Of the instances disclosed in Question 2, above detail of the Appeal/ Revision preferred in cases where monetary or nonmonetary 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 weblink to the policy.
<p>The company has adopted 'Anti-Corruption and Anti-Bribery Policy' of KSB Germany. The company does not tolerate any bribery and corruption and continues to uphold the highest standards of integrity and transparency.</p> <p>The policy forms part of the Code of Conduct of KSB Germany for the KSB Group, which is available on: <a href="http://www.ksbindia.co.in">www.ksbindia.co.in</a></p>

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

5. Number of Directors/ KMPs/ employees/ workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:		
	Current Year 2022	Previous Year 2021
Directors	Nil	Nil
Key Managerial Personnel (KMPs)	Nil	Nil
Employees	Nil	Nil
Workers	Nil	Nil

6. Details of complaints with regard to conflict of interest:				
	Current Year 2022		Previous Year 2021	
	Number	Remark	Number	Remark
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	-	Nil	-
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	-	Nil	-

7. Provide details of any corrective action taken or underway on issues related to fines/ penalties/ action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest
Not Applicable.

### Leadership Indicators

1. Awareness programmes conducted for the value chain partners on any of the Principles during the current 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
<p>The Company does periodic awareness communication to suppliers in the form of “EHS Influencing Letters”.</p> <p>Besides CSR related questionnaire which includes certification to applicable standards, sustainability initiatives, due diligence on human rights as well on environmental aspects are a part of our supplier questionnaire that forms part of initial audit with suppliers.</p>		

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No).  
If “Yes”, provide details of the same.

Yes. As part of the Corporate Governance, the Company has adopted best practices on reviews of conflict of interest of Directors. The Director’s disclosures are placed before the Board and conflict of interest, if any, is discussed and reviewed. The Board collectively is responsible for decision making on conflict of interest disclosed to the Board for any business decisions, wherein any of the Directors are interested. The Board strictly ensures ethical behavior and there are no instances of conflict of interest.

**Principle 2:** Businesses should provide goods and services in a manner that is sustainable and safe

### Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	Current Year 2022	Previous Year 2021	Details of improvements in environmental and social impacts
R&D (₹)	57,62,000	1,14,68,472	The Company has inaugurated its innovation lab in FY 2022.
Capex (₹)	5,83,57,349	3,22,99,429	The Company has made investments in development of Pumps with Solar panels, Pumps for Flue-gas desulfurization (FGD) application which helps to reducing SO2 emissions from the exhaust gas system of a coal-fired boiler.

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No).  
b. If “Yes”, what percentage of inputs were sourced sustainability?

The Company has formulated policies around Procurement, Outsourcing and Supplier diversity. The suppliers are selected basis the assessment and evaluation which includes elements of sustainability. Internal & external Audits are carried out for suppliers. The Company intends to carry out assessment of sustainability performance of select suppliers in 2023.

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, d. Other wastes

The company’s most goods are made of steel or special steel, which can be easily recycled by authorized local vendors and have high resale value after it reaches its end of lifespan/ lifecycle. Due to the nature of business, the company’s utilization of recycled materials as processed input is limited.

The company’s products reach end of life at varied time periods depending upon the market segment requirements as well as the site working conditions and allied activities. Once the product reaches the end of life, some of them are refurbished through KSB authorized service centers based on specific customer’s needs.



## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

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 Board?
  - If "Not", provide steps taken to address the same.

Extended Producer Responsibility (EPR) is not applicable to the company.

### Leadership Indicators

1. Has the entity conducted Life Cycle Perspective/ Assessment (LCA) for any of its products (for manufacturing industries) 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 web-link
----------	--------------------------	---------------------------------	---	---	--

Currently, none of our products have been subjected to life cycle assessment (LCA). However, the company is developing a comprehensive framework to examine the lifecycle assessment of its goods, as well as its influence on the environment and society with necessary mitigation steps.

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products/ services, as identified in the Life Cycle Perspective/ Assessments (LCA) or through any other means, briefly describe the same along with action-taken to mitigate the same.

Name of Product/ Service	Description of the risk/ concern	Action Taken
There is no significant socio-environmental risk associated with the company's manufacturing processes, products, and services.		

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	
	Current Year 2022	Previous Year 2021

Due to the nature of business, the company's utilization of recycled materials as processed input is limited.

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

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:						
Particulars	Current Year 2022			Previous Year 2021		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	-	-	-	-	-	-
E-Waste	-	-	-	-	-	-
Hazardous Waste	-	-	-	-	-	-
Other Waste	-	-	-	-	-	-

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 % total products sold irrespective category
Not Applicable	

**Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains**

### Essential Indicators

1. a. Details of measures for the well-being of Employees:											
Category	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
<b>Permanent Employees</b>											
Male	1,086	1,086	100%	1,086	100%	NA	NA	NA	NA	NA	NA
Female	85	85	100%	85	100%	85	100%	NA	NA	40	47.01%
<b>Total</b>	<b>1,171</b>	<b>1,171</b>	<b>100%</b>	<b>1,171</b>	<b>100%</b>	<b>85</b>	<b>7.26%</b>	<b>NA</b>	<b>NA</b>	<b>40</b>	<b>3.4%</b>
<b>Other than Permanent Employees</b>											
Male	90	NA	NA	90	100%	NA	NA	NA	NA	NA	NA
Female	42	NA	NA	42	100%	42	100%	NA	NA	15	35.71%
<b>Total</b>	<b>132</b>	<b>NA</b>	<b>NA</b>	<b>132</b>	<b>100%</b>	<b>42</b>	<b>31.82%</b>	<b>NA</b>	<b>NA</b>	<b>15</b>	<b>11.36%</b>

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

1. b. Details of measures for the well-being of Workers:											
Category	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
<b>Permanent Workers</b>											
Male	763	763	100%	763	100%	NA	NA	NA	NA	NA	NA
Female	3	3	100%	3	100%	3	100%	NA	NA	2	66.67%
<b>Total</b>	<b>766</b>	<b>766</b>	<b>100%</b>	<b>766</b>	<b>100%</b>	<b>3</b>	<b>0.4%</b>	<b>NA</b>	<b>NA</b>	<b>2</b>	<b>--</b>
<b>Other than Permanent Workers</b>											
Male	1,465	NA	NA	1,465	100%	NA	NA	NA	NA	NA	NA
Female	8	NA	NA	8	100%	8	100%	NA	NA	8	100%
<b>Total</b>	<b>1,473</b>	<b>NA</b>	<b>NA</b>	<b>1,473</b>	<b>100%</b>	<b>8</b>	<b>0.5%</b>	<b>NA</b>	<b>NA</b>	<b>8</b>	<b>0.5%</b>

2. Details of retirement benefits, for Current Year 2022 and Previous Year 2021						
Benefits	Current Year 2022			Previous Year 2021		
	No. of employees covered as % of total employees	No. of workers covered as % of total workers	Deducted and Deposited with the authority (Yes/ No/ NA)	No. of employees covered as % of total employees	No. of workers covered as % of total workers	Deducted and Deposited with the authority (Yes/ No/ NA)
PF	100%	100%	Yes	100%	100%	Yes
Gratuity	100%	100%	Yes	100%	100%	Yes
ESI	-	63%	Yes	-	63%	Yes

### 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", then whether any steps are being taken by the entity in this regard.

Currently, none of the facilities of KSB Ltd is universally accessible. However, the company is in the process of making the premises and future offices accessible for differently abled employees and workers in coming times.

### 4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, please provide the web-link of the policy.

Yes, the company believes in equal opportunity to all, which is embedded in company's code of conduct, which is available at the website of the Company at [www.ksbindia.co.in](http://www.ksbindia.co.in)

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

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	NA	NA	NA	NA
Female	50%*	NA	NA	NA
Total	NA	NA	NA	NA

\*: 1 employee has joined back, while another female employee is continuing her maternity period.

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If “Yes”, give details of the mechanism in brief:	
Permanent Workers	Issues and concerns are raised and resolved through workforce associations and unions through discussions and deliberations.
Permanent Employees	For our employees, we have grievance cell, where the employees can raise their complaint, without the fear of retaliation and their concerns will be resolved effectively and in a timely manner. There are various forums like communication meetings and functional meetings at periodic intervals in respective locations to gauge day-to-day issues/concerns. In addition to this, company carries out employee satisfaction survey (KSB Voice) at a set frequency. The recent survey indicates that over 78% employee highly engaged and motivated workforce.
Other than Permanent Workers/ Employees	Issues and concerns are raised to and resolved by concerned operational heads and/or HR co-ordinator in respective locations.

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

7. Membership of employees and workers in association(s) or Unions recognized by the listed entity:						
Category	Current Year 2022			Previous Year 2021		
	Total employees/workers in respective category (A)	No. of employees/workers in respective category, who are part of Association(s) or Unions (B)	% (B/A)	Total employees/workers in respective category (A)	No. of employees/workers in respective category, who are part of Association(s) or Unions (B)	% (B/A)
Total Permanent Employees	NA	NA	NA	NA	NA	NA
- Male	NA	NA	NA	NA	NA	NA
- Female	NA	NA	NA	NA	NA	NA
Total Permanent Workers	766	766	100%	821	821	100%
- Male	763	763	100%	818	818	100%
- Female	3	3	100%	3	3	100%

8. (a). Details of training given to employees and workers on “Health and Safety Measures”						
Category	Current Year 2022			Previous Year 2021		
	Total (A)	Number (B)	% (B/A)	Total (C)	Number (D)	% (D/C)
<b>Employees</b>						
Male	1,086	826	76.06%	962	412	42.83%
Female	85	80	94.12%	56	38	67.86%
<b>Total</b>	<b>1,171</b>	<b>906</b>	<b>77.37%</b>	<b>1,018</b>	<b>450</b>	<b>44.20%</b>
<b>Workers</b>						
Male	766	574	75%	818	589	72%
Female	3	3	100%	3	3	100%
<b>Total</b>	<b>766</b>	<b>577</b>	<b>75%</b>	<b>821</b>	<b>592</b>	<b>72%</b>

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

<b>(b). Details of training given to employees and workers on “Skill Upgradation”</b>						
Category	Current Year 2022			Previous Year 2021		
	Total (A)	Number (B)	% (B/A)	Total (C)	Number (D)	% (D/C)
<b>Employees</b>						
Male	The bifurcation of the data is not available for the years, the company is in the process of developing framework for collection of the stratified data.					
Female						
<b>Total</b>	<b>1,303</b>	<b>1,896</b>	<b>145%</b>	<b>1,018</b>	<b>2,719</b>	<b>267%</b>

\*Above data includes technical trainings conducted for product, different processes at KSB, Leadership Development Programmes, etc. The training data is on cumulative basis, while the total (headcount) is on actual as on date basis.

<b>9. Details of Performance and Career Development reviews of employees and workers:</b>						
Category	Current Year 2022			Previous Year 2021		
	Total (A)	Number (B)	% (B/A)	Total (C)	Number (D)	% (D/C)
<b>Employees</b>						
Male	1,086	1,086	100%	962	962	100%
Female	85	85	100%	56	56	100%
<b>Total</b>	<b>1,171</b>	<b>1,171</b>	<b>100%</b>	<b>1,018</b>	<b>1,018</b>	<b>100%</b>
<b>Workers</b>						
Male	763	0	0%	818	0	0%
Female	3	0	0%	3	0	0%
<b>Total</b>	<b>766</b>	<b>0</b>	<b>0%</b>	<b>821</b>	<b>0</b>	<b>0%</b>

Note:

- The career development figures are only for the Permanent employees, excluding other than permanent employee’s category.
- Time to time, career development feedbacks are given to extended workforce to strengthen their skills and competencies. Basis the performance and contribution, due incentives are made available to them which act as a motivation for multi-skilling and internal job posting opportunities.

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

10. Health and Safety Management System:	
<p><b>a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/No)</b> If “Yes”, then coverage of the system.</p>	<p>Yes. Occupational Health &amp; Safety Management System - ISO 45001: 2018 is implemented and the certificate is valid till July 2025. In addition, all the EHS systems and procedures are developed considering the local health and safety regulations and requirements, to ensure a safe, healthy, and conducive working environment for all.</p>
<p><b>b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis of the entity?</b></p>	<p>To ensure safe working environment, the company adopts following processes to identify and assess work related hazards and risks on a routine and non-routine basis, which are as follows:</p> <ul style="list-style-type: none"> <li>• Hazard Identification &amp; Risk Assessment study (HIRA)</li> <li>• Job Safety Analysis (JSA)</li> <li>• Internal and External Safety Audit</li> <li>• Incident Investigation</li> <li>• Permit to Work System</li> <li>• HAZOP Study</li> <li>• Fire Audit</li> </ul>
<p><b>c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks? (Yes/No)</b></p>	<p>Yes, the company has functional Safety Committee. Unsafe act/condition/near miss reporting system is in place and workers have direct access for reporting any work-related hazards to safety officer and/or to the plant manager, as applicable.</p>
<p><b>d. Do the employees/ workers of the entity have access to non-occupational medical and healthcare services? (Yes/No)</b></p>	<ul style="list-style-type: none"> <li>• Yes, Group Medical Policy and ESIC is available according to the employee categories.</li> <li>• The company has appointed a medical officer, who provides general healthcare services in OPD to all employees and workers.</li> <li>• Annual medical checkup</li> <li>• Financial assistance for eligible cases</li> </ul>



## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

11. Details of safety related incidents, in the following format:			
Safety Incidents/ Number	Category	Current Year 2022	Previous Year 2021
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	6.13	15.32
Total recordable work-related injuries	Employees	0	0
	Workers	10	25
Number 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 workplace.

At KSB Limited, a 'Safety Officer' is appointed at all locations to ensure safe working environment, which is a mandatory practice to drive safe work culture, aim zero harm/ zero incident, timely risk assessment, and mitigation measures, with focus on EHS audits and compliances.

The company has put in place and adopted various safety measures across all locations which includes the following:

- Safety walks / observance to identify unsafe condition and undertake corrective action immediately and close any gap, as identified.
- At all locations, a defined system is in place for hazard identification and control and is reviewed periodically to address new hazards and controls time to time.
- Compulsorily providing safety training to new employees including contract labor on joining.
- An effective training and education program developed and is delivered to enhance EHS awareness for all employees and workers.
- A process of investigation of all the EHS related incidents is in place to avoid re-occurrences of such incidents and corrective measures are taken on time to eliminate all likely risks.
- Various risk assessment studies, EHS audits and inspection of equipment's, machines, cranes, lifting gears is being carried out regularly.
- Identified high risk areas and accordingly emergency preparedness plan is developed to mitigate the emergency within minimum possible time.
- Every machine is provided with maximum possible safety controls and proper guarding to moving parts for the elimination of hazards to the best extent possible.
- The company has facilities like dedicated ambulance availability 24X7, provision of emergency alarm system consists of smoke detectors, beam detectors, manual call points, hooters, etc.

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

13. Number of complaints on the following made by employees and workers:						
Particulars	Current Year 2022			Previous Year 2021		
	Filed	Pending Resolution at end of year	Remark	Filed	Pending Resolution at end of year	Remark
Working Conditions	Nil	Nil	-	Nil	Nil	-
Health and Safety	Nil	Nil	-	Nil	Nil	-

14. Assessment for the Year (2022):	
Particulars	% of plants and offices that were assessed (by entity or statutory authorities or third party)
Health and Safety Practices	100%
Working Conditions	100%

Note: The company is ISO certified, besides the plants undergo timely regulatory safety audits & assessments.

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risk/ concerns arising from assessment of health and safety practices and working conditions.
<p>For KSB, safety of employees and extended workforce is of utmost importance and as part of audits and assessment, the company pays importance to both leading and lagging indicators of 'health and safety' to enhance the conduciveness of the working environment. The company develops initiatives basis the recommendations such as trainings, safety manuals, and safety visualizations to educate the employees and workers on safety measures.</p>

### Leadership Indicators

<p>1. Does the entity extend any life insurance or compensatory package in the event of death of (A). Employees; and (B). Workers (Yes/No). Provide detail.</p> <p>Yes, adequate compensation to the family member (nominee) of the deceased employee. Also, the company provides fast track settlement of benefits like provident fund, gratuity, and superannuation in the event of death of an employee and worker.</p>
<p>2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.</p> <p>The Company ensures ethical business practices and necessary compliances and disclosures by all its service providers, which is incorporated as part of individual business agreements and reviewed through periodic assessments.</p>

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

3. Provide the number of employees/ workers having suffered high consequence work-related injury/ ill-health/ fatalities (as reported in Qs. 11 of Essential Indicators above), who have been/ are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

Particulars	Total Number of affected employees/ workers		No. of employees/ workers that are rehabilitated or whose family member have been placed in suitable employment	
	Year 2022	Year 2021	Year 2022	Year 2021
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).

Capacity building and skill upgradation training are conducted for all employees, which aids employees during their retirement phase. In some cases, depending upon the employee expertise and business needs, our employees are retained as consultants to seek their guidance.

5. Details on assessment of value chain partners (Year 2022) :

Particulars	% of value chain partners (by value of business done with such partners) that were assessed
Health and Safety Practices	Major/critical value chain partners are being assessed through planned supplier audits on periodic basis. Approximately, 10% of the overall supplier base was assessed during the reporting year.
Working Conditions	

6. Provide details of any corrective actions taken or underway to address significant risks/ concerns arising from assessments of health and safety practices and working conditions of value chain partners.

No significant risk identified in the above assessment during the reporting period. The company has adopted a comprehensive vendor assessment framework which includes requesting declarations via registration forms, understanding EHS practices during the onboarding practices, and validating necessary certifications from local statutory bodies as well as other system related certifications.

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

### Principle 4: Businesses should respect the interests of and be responsive to all its stakeholders

#### Essential Indicators

#### 1. Describe the process for identifying key stakeholder groups of the entity.

The Company considers government bodies, regulators, employees, suppliers, dealers, retailers, shareholders and investors, direct customers, contractors, plumbers, community, NGOs, and media as our key stakeholders that contribute to shaping our business. Our stakeholders add value and constitute a core part of our business value chain, therefore, ensuring continuous engagement and interaction through various channels which strengthens our relationship with identified stakeholders. In addition to this, our CSR Policy mentions the eligible areas for CSR activities in line with the Companies Act, 2013 and accordingly the stakeholders are identified by our local HR/CSR teams for carrying out need assessment and implementing CSR activities, based on the needs of the community.

#### 2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Identified as Vulnerable or Marginalized Group (Yes/No)	Channels of Communication	Frequency of engagement	Purpose and scope of engagement including key topics and concerns raised during each engagement
Investors and Shareholders	No	Annual General Meeting (AGM), Investors Meet, Newsletter, Forum Meetings, Website, & Press Release (PR)	Regularly	Kay areas: Update on company's financial performance, company's strategy, growth prospects, potential opportunities & risks, ESG goals/ actions, and material events that may have impact on company's performance and brand value.
Communities (Beneficiaries)	Yes	Email, telephone, in-person meetings, and field visits	Regularly and need based	Identification of CSR activities areas, needs of the communities, prioritization of CSR activities, feedback about the impact and outcome of the CSR projects.
NGO (Implementing partners for CSR activities)	No	Email, telephone, in-person meetings, and field visits	Monthly and need based	Need Assessment, Project Implementation Plan, Review and Correction Actions, and Tracking of CSR Project progress.

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

Stakeholder Group	Identified as Vulnerable or Marginalized Group (Yes/No)	Channels of Communication	Frequency of engagement	Purpose and scope of engagement including key topics and concerns raised during each engagement
Dealers	No	Dealer meets, Field visits, Physical and virtual meetings, Training sessions, Dealer Conferences, and Email communication	Fortnightly and need based	Engage with our dealers to regularly keep them well-informed about new products, and the latest developments in products and services. Also, we engage with our dealers to enable them to maximize the outreach of our product through various marketing activities. Dealer meets and exhibitions are conducted regularly to facilitate interactions and understand the changing customer expectations.
Direct Customers/ Consumers	No	Physical meets, Calls, Email, Events, Exhibitions, Plant visits, and Demonstrations	Regularly and need based	We constantly endeavor to improve our processes and systems to receive valuable feedback and ideas from these stakeholders. KSB organizes plant visits for our valued customers. Customer Satisfaction Survey are planned periodically to gauge customer's feedback.
Employees and Workers	No	Email, in-person meetings, website, Newsletter, Press Release, Forums, communication meets and employee surveys	Daily and need based	Employee engagement, human resource development, skill training, career development, safety training, ESG and CSR initiatives, and company's commitment on ESG.
Government Bodies   Industry Associations	No	Email, website, Press Release, and Regulatory Forums	Regularly and need based	New initiatives, regulations and statutory reporting and project implementation
Media	No	Press Release and Email	Regularly and need based	We maintain relationship with media via press release, plant visits, and media interviews to establish credibility, trust, and transparency of the company.

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

### Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

The consultation with various stakeholders generally happens through the management team. These consultations are part of regular interactions with various stakeholders and the board is appraised of the important issues.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topic? (Yes/No)

If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes, the CSR projects taken for implementation have inputs from the stakeholders and the projects are taken based on the needs identified by the communities and implementation agency.

3. Provide detail of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

The CSR Team identify the needs of the communities in local areas and engages with the communities and implement the suitable projects for addressing the needs of the community. The details are provided in Principle 8 to this report.

### 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	Year 2022			Previous Year 2021		
	Total	Number	%	Total	Number	%
	(A)	(B)	(B/A)	(C)	(D)	(D/C)
<b>Employees</b>						
Permanent	1,171	1,171	100%	1,018	1,018	100%
Other than permanent	132	132	100%	87	87	100%
<b>Total Employees</b>	<b>1,303</b>	<b>1,303</b>	<b>100%</b>	<b>1,105</b>	<b>1,105</b>	<b>100%</b>

\*: Human Rights trainings include Code of conduct, POSH and other related topics.

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

2. Details of minimum wages paid to employees and workers, in the following format:										
Category	Current Year 2022					Previous Year 2021				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		Number (B)	% (B/A)	Number (C)	% (C/A)		Number (E)	% (E/D)	Number (F)	% (F/D)
<b>Employees</b>										
Permanent	1,171	-	-	1,171	100%	1,018	-	-	1,018	100%
- Male	1,086	-	-	1,086	100%	962	-	-	962	100%
- Female	85	-	-	85	100%	56	-	-	56	100%
Other than Permanent	132	-	-	132	100%	87	-	-	87	100%
- Male	90	-	-	90	100%	62	-	-	62	100%
- Female	42	-	-	42	100%	25	-	-	25	100%
<b>Workers</b>										
Permanent	766	-	-	766	100%	821	-	-	821	100%
- Male	763	-	-	763	100%	818	-	-	818	100%
- Female	3	-	-	3	100%	3	-	-	3	100%
Other than Permanent	1,473	-	-	-	-	1,307	-	-	1,307	100%
- Male	1,465	1,465	100%	-	-	1,300	1,300	100%	-	-
- Female	8	8	100%	-	-	7	7	100%	-	-

3. Details of remuneration / salary / wages, in the following format:				
Particulars	Male		Female	
	Number	Median salary/ wage of respective category (INR)	Number	Median salary/ wage of respective category (INR)
Board of Directors (BoD)	Refer Annexure V of the Board's Report			
Key Managerial Personnel				
Employees other than BoD and KMP	1,085	8,34,984	84	4,82,160
Workers	763	7,71,948	3	7,69,932



## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

### 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)

The company's Human Resource (HR) Director oversees the ethical conduct in the company and in case of any violation is responsible for addressing the concern/ issue in a timely and transparent manner, without any retaliation. Further, the Audit Committee monitors whistleblower mechanism and POSH Internal Committee overviews for sexual harassment complaints.

### 5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

Code of Conduct strongly deters wrongdoings and promote equal opportunities for all. The company has policies such as POSH Policy (Internal Complaints Committee), Code of Conduct (Ombudsman), Whistle Blower (Designated email id and drop box). The policies mention respective mechanisms for grievance redressal.

### 6. Number of complaints on the following made by employees and workers:

Particulars	Current Year 2022			Previous Year 2021		
	Filed during the year	Pending resolution at end of year	Remark	Filed during the year	Pending resolution at end of year	Remark
Sexual Harassment	0	0	-	0	0	-
Discrimination at workplace	0	0	-	0	0	-
Child Labour	0	0	-	0	0	-
Forced Labour/ Involuntary Labour	0	0	-	0	0	-
Wages	0	0	-	0	0	-
Other human rights related issues	0	0	-	0	0	-

### 7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

The company has a strong code of conduct, and the whistle blower mechanism is in place and there is an ICC Committee for addressing any sexual harassment cases at workplace. The company encourages reporting of any harassment or discriminatory behavior or offensive conduct, without the fear of retaliation. Necessary investigation and actions, as deemed appropriate will be undertaken, wherever required. Regular training and awareness sessions are conducted from time to time, including mandatory training modules to fully equip the employees.

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

### 8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes. Human right is core to KSB business and all issues/ concerns are strictly addressed throughout the operations and across the value chain by adhering to the governing policies and guideline mentioned in the code. The company expects its value chain partners to comply with high standards of business ethics and integrity.

### 9. Assessment for the Year 2022:

Particulars	% of plants and offices that were assessed (by entity or statutory authorities or third parties)
Child Labour	100%
Forced/ Involuntary Labour	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%

### 10. Provide details of any corrective actions taken or underway to address significant risks/ concerns arising from the assessments at Qs. 9, above.

The company has strong human rights standards and as a result there has been zero cases of child labor, forced/involuntary labor, sexual harassment, and discrimination of any form at workplace against any of our employee or extended workforce.

### Leadership Indicators

#### 1. Details of a business process being modified/ introduced as a result of addressing human rights grievances/complaints.

The company strives to uphold basic principles of human rights in all its operations through its codes and policies. There is a code of conduct that sensitizes the employees periodically about ethical behavior.

#### 2. Details of the scope and coverage of any Human Rights due-diligence conducted.

The company conducts various internal audits and human rights forms an integral part of these audits which are conducted on a regular basis to check the compliance requirements and recommend remedial action plan, wherever required. However, no formal human rights due diligence was conducted during the reporting period.

#### 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?

Currently, none of the facilities of KSB Ltd is universally accessible. However, we are in process of making the premises and future offices friendly for differently abled individuals.

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

4. Details on assessment of Value Chain Partners:	
Particulars	% of value chain partners (by value of business done with such partners) that were assessed:
Child Labour	No such assessments were carried out during the reporting period.
Forced/ Involuntary Labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others- please specify	

5. Provide details of any corrective actions taken or underway to address significant risks /concerns arising from the assessment at Qs. 4 above.
Not Assessed

### 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: (in Megajoules - MJ)		
Parameter	Current Year 2022	Previous Year 2021
Total Energy Consumption (A)	6,81,69,791	5,92,15,788
Total Fuel Consumption (B)	2,43,42,294	1,90,91,815
Energy consumption through Other Sources (C)	0	0
<b>Total Energy Consumption (A+B+C)</b>	<b>9,25,12,085</b>	<b>7,83,07,603</b>
<b>Energy intensity per rupee of turnover</b> (Total energy consumption / turnover in rupees)	<b>0.005077613</b>	<b>0.005229952</b>

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Yes/No). If "Yes", name the external agency: NO

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? (Yes/No)
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.
Not applicable, as the company does not fall in the category of industries mandated under PAT scheme.

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

3. Provide details of the following disclosures related to water, in the following format:		
Parameter	Current Year 2022	Previous Year 2021
<b>Water withdrawal by source (in Kilo-Litres- KL)</b>		
(i). Surface Water	0	0
(ii). Groundwater	39,285	20,058
(iii). Third Party Water	1,58,163	1,31,569
(iv). Seawater/ Desalinated water	0	0
(v). Others (Please specify)	0	0
<b>Total Volume of water withdrawal (in KL) (i + ii + iii + iv + v)</b>	<b>1,97,448</b>	<b>1,51,627</b>
<b>Total volume of water consumption (in KL)</b>	<b>1,97,448</b>	<b>1,51,627</b>
<b>Water intensity per rupee of turnover (water consumed/ turnover)</b>	<b>0.000010837</b>	<b>0.000010206</b>

Note: 1. The totals are for all plants.

2. Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Yes/No). If “Yes”, name the external agency. : NO

4. Has the entity implemented a mechanism for Zero Liquid Discharge (ZLD) ? If “Yes”, provide details of its coverage and implementation.
The company has been stringently implementing several projects and initiatives to minimize its water consumption and reduce its dependence on fresh water. The Company has taken initiatives to develop an efficient mechanism to treat all its effluents, ensure efficient water usage and maintaining zero liquid discharge sites. The company has Sewage Treatment Plant (STP) and Effluent Treatment Plant (ETP) at all its location with secondary as well tertiary treatment facilities.

5. Please provide details of air emissions(other than GHG emissions) by the entity, in the following format:			
Pimpri Location - Stacks			
Parameter	Please specify unit	Current Year 2022	Previous Year 2021
NOx	ug/m3	Nil	Nil
SOx	Kg/Day	8.54	3.69
Particulate Matter (PM)	ug/m3	61.63	55.25
Persistent organic pollutant (POP)	-	-	-
Volatile organic compounds (VOC)	-	-	-
Hazardous air pollutant (HAP)	-	-	-

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

Chinchwad Location – Stacks			
Parameter	Please specify unit	Current Year 2022	Previous Year 2021
NO <sub>x</sub>	ug/m <sup>3</sup>	Nil	Nil
SO <sub>x</sub>	Kg/Day	4.29	2.34
Particulate Matter (PM)	ug/m <sup>3</sup>	60.33	57.25
Persistent organic pollutant (POP)	-	-	-
Volatile organic compounds (VOC)	-	-	-
Hazardous air pollutant (HAP)	-	-	-
Shirwal Location – Stacks			
Parameter	Please specify unit	Current Year 2022	Previous Year 2021
NO <sub>x</sub>	ug/m <sup>3</sup>	Nil	Nil
SO <sub>x</sub>	Kg/Day	8.54	3.69
Particulate Matter (PM)	ug/m <sup>3</sup>	61.63	61
Persistent organic pollutant (POP)	-	-	-
Volatile organic compounds (VOC)	-	-	-
Hazardous air pollutant (HAP)	-	-	-
Sinner Location – Stacks			
Parameter	Please specify unit	Current Year 2022	Previous Year 2021
NO <sub>x</sub>	ug/m <sup>3</sup>	Nil	Nil
SO <sub>x</sub>	Kg/Day	28.75	28.52
Particulate Matter (PM)	ug/m <sup>3</sup>	43.25	44.69
Persistent organic pollutant (POP)	-	-	-
Volatile organic compounds (VOC)	-	-	-
Hazardous air pollutant (HAP)	-	-	-

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

Foundry Location – Stacks			
Parameter	Please specify unit	Current Year 2022	Previous Year 2021
NOx	ug/m3	Nil	Nil
SOx	Kg/Day	18.12	77.39
Particulate Matter (PM)	ug/m3	26.63	44.92
Persistent organic pollutant (POP)	-	-	-
Volatile organic compounds (VOC)	-	-	-
Hazardous air pollutant (HAP)	-	-	-
Coimbatore Location – Stacks			
Parameter	Please specify unit	Current Year 2022	Previous Year 2021
NOx	ug/m3	32.92	27.23
SOx	ug/m3	10.48	17.4
Particulate Matter (PM)	ug/m3	12.66	19.16
Persistent organic pollutant (POP)	-	-	-
Volatile organic compounds (VOC)	-	-	-
Hazardous air pollutant (HAP)	-	-	-

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Yes/No). If “Yes”, name the external agency : NO

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

6. Please provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) and its intensity, in the following format:			
Parameter	Please specify unit	Current Year 2022	Previous Year 2021
<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	1,563	1,236
<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	14,959	12,995
<b>Total Scope 1 and Scope 2 emissions per rupee of turnover</b>	-	0.00000091	0.00000096

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Yes/No). If “Yes”, name the external agency: NO

7. Does the entity have any project related to reducing Greenhouse gas emissions? If “Yes”, then provide details.
<p>The Company continuously strives to track all its energy consumption for identifying opportunities of energy conservation and process optimization in its business activities. The Company has been gradually implementing several energy efficient processes through energy audits to reduce energy consumption and eventually reduce carbon footprint of the organization. Besides, other sustainable measures like increased use of solar energy is ongoing as per the current regulations applicable in different states.</p> <p>KSB Limited has achieved 44% reduction in carbon emission by 2022 with baseline of 2018. All plants of KSB are equipped with 100% LED lightings avoiding approx. 280MT of equivalent CO<sub>2</sub> emissions/year.</p> <p>Other key initiatives are:</p> <ul style="list-style-type: none"> <li>• KSB Limited is entering into a group captive solar agreement for 4.5 MW for its foundry plant boosting the use of solar power.</li> <li>• KSB Limited has entered in solar pumps market and sold around 3000+ pumps under PM KUSUM Yojana &amp; States schemes.</li> <li>• Green Building Platinum Certification of Chennai Office is obtained &amp; planning for other locations in year 2023.</li> <li>• KSBL is setting up hybrid solar and windmill at Shirwal Plant of capacity 48MWH contributing further to the renewable use of energy.</li> <li>• Electric vehicles have been procured for inter plant transfers across few locations.</li> </ul>



## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

8. Provide details related to waste management by the entity in the following format:		
Parameter	Current Year 2022	Previous Year 2021
<b>Total Waste Generated (in metric tonnes)</b>		
Plastic Waste (A)	0	0
E-Waste (B)	0.98	0
Bio-medical Waste (C)	0.06	0.09
Construction and Demolition Waste (C&D) (D)	0	0
Battery Waste (E)	0	0
Radioactive Waste (F)	0	0
Other Hazardous Waste (G) (Please specify, if any)	83.05	84.62
Other Non-Hazardous Waste generated (H) (Please specify, if any)	7,949.36	7,467.54
<b>Total Waste Generated (A+B+C+D+E+F+G+H)</b>	<b>8,033.45</b>	<b>7,552.25</b>
<b>For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)</b>		
<b>Category Waste Name:</b>		
(i). Recycled	-	-
(ii). Re-used	-	-
(iii). Other recovery operations	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)</b>		
<b>Category Waste Name:</b>		
(i). Incineration	43.94	40.49
(ii). Landfilling	2.50	4.12
(iii). Other disposal operations	7,987.01	7,507.55
<b>Total</b>	<b>8,033.45</b>	<b>7,552.16</b>

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Yes/No). If “Yes”, name the external agency : NO

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Waste generated by the organization is categorized into hazardous and non-hazardous waste. Non-hazardous waste is sold to authorized recyclers for further processing. Disposal of hazardous waste is as per statutory norms.

10. If the entity has operations/ offices in & around ecologically sensitive areas (*such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones, etc.*) where environmental approvals/ clearances are required, please specify details in the following format:

S. No.	Location of operations / offices	Type of operations	Whether the conditions of environmental approval/ clearance are being complied with? (Yes/No) If "No", the reasons thereof and corrective action taken, if any.
--------	----------------------------------	--------------------	--

None of KSB Limited's production facilities are in ecologically sensitive areas.

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current year 2022

Name and brief of the project	EIA Notification No.	Date	Whether conducted by independent agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web-link
-------------------------------	----------------------	------	--	--	-------------------

KSB has Integrated Management System with 'ISO9001:2015', 'ISO14001:2015' and 'ISO 45001:2018' certifications which assess all business activities for its impact on environmental, health and safety aspects.

The company meets all the regulatory requirements in associated with projects undertaken in 2022 and further the company has been developing a mechanism to undergo environmental impact assessment / certification for several projects that can significantly reduce carbon footprint, water consumption and energy consumption of the organization.

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment Protection Act and Rules there under (Yes/ No).

If "Not", provide details of all such non-compliances, in the following format:

S. No.	Specify the law/ regulation/ guidelines which is not compliant	Provide details of the non-compliance	Any fines/ penalties/ action taken by regulatory agencies such as pollution control board or by courts	Corrective action taken if any
--------	--	---------------------------------------	--	--------------------------------

The company is compliant with all applicable environment law, regulations, and guidelines in India.

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

### Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from Renewable Energy and Non-Renewable sources, in the following format: (in Megajoules - MJ)		
Parameter	Current Year 2022	Previous Year 2021
<b>From Renewable Sources</b>		
Total electricity consumption (A)	1,42,20,731	1,36,49,976
Total fuel consumption (B)	0	0
Energy consumption through other sources (C)	0	0
<b>Total energy consumed from renewable sources (A+B+C)</b>	<b>1,42,20,731</b>	<b>1,36,49,976</b>
<b>From Non-Renewable Sources</b>		
Total electricity consumption (D)	68,169.791	59,215.788
Total fuel consumption (E)	24,342.294	1,90,91,815
Energy consumption through other sources (F)	0	0
<b>Total energy consumed from renewable sources (D+E+F)</b>	<b>9,25,12,085</b>	<b>7,83,07,603</b>

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Yes/No). If “Yes”, name the external agency : NO

2. Provide the following details related to water discharge:		
Parameter	Current Year 2022	Previous Year 2021
<b>Water discharge by destination and level of treatment (in kilo-litres)</b>		
<b>(i). To Surface Water</b>		
- No treatment	0	0
- With treatment- please specify level of treatment	0	0
<b>(ii). To Ground Water</b>		
- No treatment	0	0
- With treatment- please specify level of treatment	0	0

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

Parameter	Current Year 2022	Previous Year 2021
(iii). To Seawater		
- No treatment	0	0
- With treatment- please specify level of treatment	0	0
(iv). Sent to Third Parties		
- No treatment	0	0
- With treatment- please specify level of treatment	0	0
(v). Others		
- No treatment	0	0
- With treatment- Secondary Treatment method	50,531	39,829
<b>Total water discharged (in kilo-litres)</b>	<b>50,531</b>	<b>39,829</b>

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Yes/No). If “Yes”, name the external agency : NO

- 3. Water withdrawal, consumption, and discharge in areas of ‘Water Stress’ (in kilo litres):**  
For each facility/ plant located in areas of water stress, provide the following information:
- Name of area: Vambori, Ahmednagar and Narasimmanaickenpalayam, Coimbatore, Tamil Nadu
  - Nature of operations: Vambori- Foundry Division and Coimbatore Plant- Manufacturing of Valves
  - Water withdrawal, consumption, and discharge in the following format:

Parameter	Current Year 2022	Previous Year 2021
<b>Water withdrawal by source (in Kilo Litres: Kl)</b>		
(i). Surface Water	0	0
(ii). Ground Water	39,285	20,058
(iii). Third Party Water	0	0
(iv). Seawater/ Desalinated Water	0	0
(v). Others	0	0
<b>Total volume of water withdrawal (in KL)</b>	<b>39,285</b>	<b>20,058</b>
<b>Total volume of water consumption (in KL)</b>	<b>39,285</b>	<b>20,058</b>
<b>Water intensity per rupee of turnover (water consumed/ turnover)</b>	<b>0.0000021563</b>	<b>0.0000013501</b>

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

Parameter	Current Year 2022	Previous Year 2021
<b>Water discharge by destination and level of treatment (in Kilo litres)</b>		
<b>(i). To Surface Water</b>		
- No treatment	0	0
- With treatment- please specify level of treatment	0	0
<b>(ii). To Ground Water</b>		
- No treatment	0	0
- With treatment- please specify level of treatment	0	0
<b>(iii). Sent to Third Party Water</b>		
- No treatment	0	0
- With treatment- please specify level of treatment	0	0
<b>(iv). Into Seawater</b>		
- No treatment	0	0
- With treatment- please specify level of treatment	0	0
<b>(v). Others</b>		
- No treatment	0	0
- With treatment- please specify level of treatment	0	0

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Yes/No). If “Yes”, name the external agency.

<b>4. Please provide details of total Scope 3 emissions and its intensity, in the following format:</b>			
Parameter	Please specify unit	Current Year 2022	Previous Year 2021
<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	Not Applicable. KSB Limited is not measuring Scope -3 emissions currently but the Company aspires to undertake the same in the future.	
<b>Total Scope 3 emissions per rupee of turnover</b>			
<b>Total Scope 3 emission 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? (Yes/No). If “Yes”, name the external agency: NO

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

5. With respect to the ecologically sensitive areas reported in Qs. 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along with prevention and remediation activities.

Not applicable, as the company does not have any operations in ecologically sensitive areas.

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions/ effluent discharge/ waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

S. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along with summary)	Outcome of the Initiative
1.	The company aims to maximize the use of renewable energy (solar energy) to the allowable limits of 1 MW, at most of its locations. The company has also undertaken various energy saving measures through planned energy audits such as use of LED lights, battery operated vehicles for inter & intra-plant transport, use of energy efficient pumps for various applications, continuous energy monitoring in high consumption areas through energy management systems, etc.		Achieved 40% absolute reduction in GHG emissions, over baseline of 2018

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web-link.

At KSB Limited, an emergency / disaster management procedure is integrated into its management system for dealing with such situations to minimize hazards to environment and human health.

A list of potential emergency situations has been identified and the roles and responsibilities of all concerned personnel are also defined to handle the emergencies effectively. Training and awareness sessions are conducted for the employees and emergency handling teams to prepare them for actual emergency situations. Fire-fighting teams, first aid teams have been formed and displayed all over the plants.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

No adverse impact to the environment as result of value chain activities during the reporting period.

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

Nil.

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

**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.**

6

**(b). List the top 10 trade and industry chambers/ associations(determined based on the total numbers of such body) the entity is member of / affiliated to**

S. No.	Name the trade and industry chambers / associations	Reach of trade and industry chambers/ associations (State/ National)
1.	Maharashtra Chamber of Commerce Industries and Agriculture (MCCIA)	State
2.	Indian Pumps Manufacturers' Association (IPMA)	National
3.	Confederation of Indian Industries (CII)	National
4.	Indo-German Chamber of Commerce (IGCC)	National*
5.	Indian Plumbing Association	National
6.	German Machinery and Plant Manufacturer's Association	National*

\*: International Partnership- helps Indian and German companies to collaborate and work jointly.

**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		

### Leadership Indicators

**1. Details of public policy positions advocated by the entity:**

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain (Yes/No)	Frequency of Review by Board	Web Link, if available
--------	-------------------------	-----------------------------------	---	------------------------------	------------------------

The Company does not have a separate policy on "policy advocacy". For advocacy on policies related to the Pumps Industry, the Company works through industry associations such as Maharashtra Chamber of Commerce Industries and Agriculture (MCCIA), Indian Pumps Manufacturers' Association (IPMA), Confederation of Indian Industries, Indian Plumbing Association etc. There are specified officials in the Company who are authorized for communicating with industrial bodies and managing Government affairs in accordance with Communication Policy of the Company.



## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

### Principle 8: Businesses should promote inclusive growth and equitable development

#### Essential Indicators

1. Details of Social Impact Assessments (SIA) projects undertaken by the entity based on applicable laws, in the current year 2022:					
Name and brief detail 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:						
S. No.	Name of the 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 INR.)
Not Applicable, none of our projects have affected the habitation of our near-by communities across our plants.						

3. Describe the mechanisms to receive and redress grievances of the community.
KSB Limited is committed to its social and environmental responsibility. The local HR/CSR coordinator is always open for discussion with the community and NGOs. The community member/NGOs directly approaches the local HR to share their needs and/or grievances; once the grievance received the local HR undertakes a thorough assessment and field visits. Accordingly a suitable plan of action is devised in line with the company's policies to address the identified need and/or grievance.

4. Percentage of input material (input to total inputs by value) sourced from suppliers:		
Particulars	Current Year 2022	Previous Year 2021
Directly sourced from MSMEs/ Small producers	The company sources its input material from suppliers including MSMEs within the district and across India as well as imports, wherever required.	
Sourced directly from within the district and neighboring districts		

#### Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference Qs. 1 of Essential Indicators, above).	
Details of negative social impact identified	Corrective action taken
Not Applicable	

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S. No.	State	Aspirational District	Amount Spent (in INR.)
Not Applicable			

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized/ vulnerable groups? (Yes/No)

No

(b) From which marginalized/ vulnerable groups do you procure?

Nil

(c) What percentage of total procurement (by value) does it constitute?

Nil

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current year 2022), based on \*traditional knowledge:

S. No.	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit Shared (Yes/ No)	Basis of calculating benefit share
Nil				

\*Traditional knowledge: knowledge that has ancient roots and is often informal and oral - is not protected by conventional intellectual property systems.

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 Case	Corrective action taken
Nil		

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

6. Details of beneficiaries of CSR Projects			
S. No.	CSR Project	No. of persons benefited from CSR Projects	% beneficiaries from vulnerable & marginalized groups
1.	Mother Theresa Home - Wakad: Providing solar electrification to the destitute home, Pune, Maharashtra	150 destitute	100%
2.	Niwara - Old age home – Providing solar electrification to the old age home, Pune, Maharashtra	200 elders	100%
3.	Families for children:Dining hall - replace PUF roofing with RC Reinforced Concrete	150 special children	100%
4.	SevaSahayog: Supporting the students with to the 2 existing study centers	100 students	100%
5.	SevaSahayog:Support to the 2 Women Empowerment Programmes (WEP)	250 women	100%
6.	SevaSahayog: providing school kit (uniform etc.) to underprivileged students	200 students	100%
7.	Maher:Support to 40 children at Rising Star Home - Vadhu	40 destitute	100%
8.	Don Bosco VywasaikPrashikshan Kendra:Sponsor Skill development programmes + hostel facility for students under poverty line, Pune, Maharashtra	10 students	100%
9.	Vidya Mahamandal:Sponsoring annual expense of food and accommodation for 40 deaf & dumb students, Pune, Maharashtra	40 students	100%
10.	VidyadaanSahayyak Mandal (VSM):Support skill development programme (BSC Nursing) for underprivileged girls from rural area.	10 students	100%
11.	Snehalay - Ahmednagar:Sponsor a child, Adoption project, Pune, Maharashtra	40 destitute	100%
12.	Maher – VATSALYADHAM , an old age home,provided with Solar Electrification, Pune, Maharashtra	100 mentally challenged women	100%
13.	Maher - ABOLI, Vadhu:Installation of Rooftop Solar Power, Pune, Maharashtra	100 college going girls	100%

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

S. No.	CSR Project	No. of persons benefited from CSR Projects	% beneficiaries from vulnerable & marginalized groups
14.	Pimpri Police Station:Construction of ladies rest room with toilet & basic room furniture, Pune, Maharashtra	10 female police	100%
15.	Niwara:A set of one bedside table and a cupboard for each resident, Pune, Maharashtra	150 elders	100%
16.	Zilha Parishad Primary School, Construction of 02 new classrooms, Sinnar, Nashik, Maharashtra	100 students	100%
17.	Government Rural Hospital, Donated new age instruments for major surgeries, Sinnar, Nashik, Maharashtra	100 patients	100%
18.	Government Rural Hospital,Donated accessories for Laparoscopy set, Sinnar, Nashik, Maharashtra	100 patients	100%
19.	SagunabaiBhikusa Primary School,Construction of 02 new classrooms, Sinnar, Nashik, Maharashtra	100 students	100%
20.	Maparwadi Village: Construction of toilet blocks for village and Water tank , Sinnar, Nashik, Maharashtra	500 villagers	100%
21.	Civil Hospital Ahmednagar Rural Hospital Vambori: Donate Boyles Apparatus Machines for Operation Theater, Vambori, Ahmednagar, Maharashtra	100 patients	100%
22.	Mahamanav Baba Amte Vikas Seva Sanstha:Donate a Tractor, Vambori, Ahmednagar, Maharashtra	50 students	100%
23.	Global Pathway School: Borewell with pump and other requisites piping for Global Pathway School, Coimbatore & Pune	500 students	100%
24.	Global Pathway School: Solar lighting in the school premises, Coimbatore & Pune	500 students	100%
25.	Yashodhan Trust:Ambulance for Patients , Shirwal, Pune, Maharashtra	500 destitute	100%

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

S. No.	CSR Project	No. of persons benefited from CSR Projects	% beneficiaries from vulnerable & marginalized groups
26.	Skill Development Project:Support to Pragati Girls' School, Shirwal, Pune, Maharashtra	500 students	100%
27.	Bal Kalyan Sanstha:Renovation of the pumping room along with filtration plant of home for differently abled kids	20,000	100%
28.	Bal Kalyan Sanstha: Repairs of toilet blocks of home for differently abled kids, Pune Maharashtra	20,000	100%
29.	Maher - SWAGAT, Wadgaonsheri:Solar Panels - power generation for the entire unit - 15 KWP, Pune, Maharashtra	150 people	100%

### Principle 9: Business 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.

An active toll-free service to register the customer complaint is available. For complaint resolution, complaint allocation is done by toll-free agent through S3 (Portal) AM Module, and the complaint resolution activity is monitored by the 'Regional Service Coordinator'.

#### The Mechanism to resolve Online complaints:

Receipt of complaint on contactusksbindia@ksb.com which is mentioned on KSB India website, Social Media handles like FB, Instagram, LinkedIn, and Twitter.

- If the Contact and location details are mentioned in the complaint, then the following steps are followed:
  - i. Digital Media Team sends the complaint details by email to the authorized person of that product and location. Authorized person contacts the customer and resolves the issue in the time frame provided to the customer.
  - ii. After the issue is resolved the authorized person writes back to the customer keeping Digital Media Team about the resolution of the issue.
  - iii. Digital Media Team responds to the customer appropriately for necessary feedback.
- Contact and location details not provided in the complaint
  - a. Digital Media Team asks for the contact and location details of the customer.
  - b. Once the details are received, step i., ii., and iii., as mentioned above are followed.

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

1. Turnover of products and/services as a percentage of turnover from all products/ services that carry information about:						
Particulars			As percentage to total turnover			
Environmental and social parameters relevant to the product			The Company complies with all applicable environmental standards, product quality and product safety requirements.			
Safe and responsible usage						
Recycling and / or safe disposal						
2. Number of consumer complaints in respect of the following:						
Complaints	Current Year 2022		Remarks	Previous Year 2021		Remarks
	Received	Pending at end of year		Received	Pending at end of year	
Data Privacy	0	0	-	0	0	-
Advertising	0	0	-	0	0	-
Cyber-security	0	0	-	0	0	-
Delivery of essential services	0	0	-	0	0	-
Restrictive Trade Practices	0	0	-	0	0	-
Customer Complaints	63	0	Social media complaints	53	0	-
3. Details of instances of product recalls on account of safety issues:						
Recalls	Number	Reasons for recall				
Voluntary Recalls	Nil	There have been no instances of product recall on account of safety issues during the reporting period.				
Forced Recalls	Nil					
4. 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, a cyber security policy is available at KSB intranet which is shared internally by the parent company.						
5. 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.						
KSB has taken initiatives at global and local level to strengthen the cyber security posture. These include introduction of two factor authentication for applications, Implementation of EDR/MDR (End point detection and response / Managed detection and response) solution for the complete group, regular IT security audits and VAPT for group countries etc. There are host of other initiatives that will ensure in further improving the overall security footprint. No corrective actions were needed for other regulatory topics.						

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (Contd.)

### Leadership Indicators

<b>1. Channels/ platforms where information on products and services of the entity can be accessed (provide web link, if possible)</b>
<ul style="list-style-type: none"> <li>The company ensures that all the information required to be displayed on the product labels are as per the applicable rules and regulation. Dealer management portal is also equipped with all the information.</li> <li>Product related all information is available on the website of the company <a href="https://ksbindia.in/">https://ksbindia.in/</a></li> <li>We also have our Toll-Free no. 18002331299, which allow our existing as well as prospective customers to reach out to us in case of any queries or complaints.</li> </ul>
<b>2. Steps taken to inform and educate consumers about safe and responsible usage of products and/ or services.</b>
<p>The company educates its consumers through product manuals and providesthem with troubleshooting manual for each product category which includes vital details on product do's and don'ts, circuit diagrams of pump electrical connections, and procedure for operating pumps. Further, training workshops for educating consumers on the safe and responsible usage of products and services are organized.</p>
<b>3. Mechanism in place to inform consumers of any risk of disruption/ discontinuation of essential services.</b>
<p>Necessary emailers and updated product information circulars are communicated to applicable customers in event of product discontinuation, modifications, and introductions.</p>
<b>4. Does the entity display product information on the product over and above what is mandated as per the local laws? (Yes/ No/ Not Applicable).</b> <b>If “Yes”, provide details in brief.</b>  <b>Did your entity carry out any survey with regard to customer 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).</b>
<p>The company does display the fundamental product information on the product as per local laws:</p> <ol style="list-style-type: none"> <li>i. Name plate for product specificationlike heads, discharge, serial no. power rating, Motor HP etc.</li> <li>ii. Troubleshooting guides</li> <li>iii. MRP sticker/ Bar code for warranty, wherever applicable</li> </ol>
<b>5. Provide the following information relating to data breaches:</b>
<b>(a). Number of instances of data breaches along-with impact:</b>
None
<b>(b). Percentage of data breaches involving personally identifiable information of customers.</b>
Nil



## ANNEXURE TO BOARD'S REPORT (Contd.)

### ANNEXURE V TO BOARD'S REPORT

#### STATEMENT OF DISCLOSURE OF REMUNERATION

under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- I. Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2022, the percentage increase in remuneration of Chief Executive Officer, Chief Financial Officer and Company Secretary during the Financial year 2022.

No.	Name of the Director / KMP	Designation	Ratio of remuneration of each Director to the median remuneration of employees	% Increase in remuneration during FY 2022
1.	Mr. Rajeev Jain	Managing Director	57:1	Nil
2.	Mr. Milind Khadilkar	Chief Financial Officer	Not Applicable	Refer Note 2
3.	Mr. Mahesh Bhawe	Company Secretary	Not Applicable	12.94%

Notes:

- The Independent Directors of the Company are entitled for sitting fees and commission as per the statutory provisions and within the limits approved by the shareholders. The details of remuneration of Non-executive Directors are provided in the Corporate Governance Report. The ratio of remuneration and percentage increase for Non-executive Directors' Remuneration is therefore not considered for the above purpose.
  - Mr. Milind Khadilkar has retired during the year. Thus, the total remuneration including retirement benefits for FY 2022 is not comparable with the total remuneration of FY 2021.
- ii. **The percentage increase in the median remuneration of the employees in the financial year:** There has been an increase of 10.28% in median remuneration of employees in Financial Year 2022 as compared to Financial Year 2021.
- iii. **The number of permanent employees on the rolls of the Company:** There were 1,946 employees on the rolls of the Company as on 31st December, 2022.
- iv. **Average percentile increase already made in the salaries of employees other than the key managerial personnel in Financial Year 2022 and its comparison with the percentile increase in the managerial remuneration:** The aggregate remuneration of employees other than managerial personnel has increased by 11.5% and that of managerial personnel has also increased by 8.9%
- v. **Affirmation that the remuneration is as per the remuneration policy of the Company:** The remuneration of Directors was as per the Remuneration Policy of the Company.

On behalf of the Board of Directors

Gaurav Swarup  
Chairman

Mumbai, 23rd February, 2023

---

## ANNEXURE TO BOARD'S REPORT (Contd.)

---

### ANNEXURE VI TO BOARD'S REPORT

#### FORM MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2022

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
KSB Limited,  
Office No. 601, Runwal R-Square,  
L.B.S. Marg, Mulund (West),  
Mumbai

Dear Sir / Madam,

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by KSB Limited (hereinafter called "the Company"). Secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliance 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 December 31, 2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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 December 31, 2022 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; NA
- (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; (during the period under review not applicable to the Company)

---

## ANNEXURE TO BOARD'S REPORT (Contd.)

---

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (during the period under review not applicable to the Company);
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (during the period under review not applicable to the Company)
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (during the period under review not applicable to the Company)
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client (during the period under review not applicable to the Company);
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (during the period under review not applicable to the Company); and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (during the period under review not applicable to the Company);

The Company follows system driven Legal Compliance System, which tracks compliances and generates necessary certificates and ensures compliance of other applicable laws, however, the same has not been verified and audited by us.

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

- a) Secretarial Standards issued by the Institute of Company Secretaries of India; Compliances of Secretarial Standards have been generally followed.
- b) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

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

### **We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of the Executive Directors, Non-Executive Directors and Independent Directors. There was no change in the composition of the Board of Directors during the period under review.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at shorter notice, 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.

---

## **ANNEXURE TO BOARD'S REPORT (Contd.)**

---

As per minutes of the meetings recorded and noted by the Chairman, no dissenting views have been recorded.

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 audit period the Company had the following specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.: Nil

For Mehta & Mehta, Company Secretaries  
(ICSI Unique Code P1996MH007500)

Ashwini Inamdar, Partner

FCS No: F 9409, CP No: 11226

UDIN: F009409D003188068

Place: Mumbai

Date: 23rd February, 2023

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.

---

## ANNEXURE TO BOARD'S REPORT (Contd.)

---

'ANNEXURE A'

To,  
The Members,  
KSB Limited,  
Office No. 601, Runwal R-Square,  
L.B.S. Marg, Mulund (West), Mumbai

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 laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- 6) As regard the books, papers, forms, reports and returns filed by the Company under the provisions referred to in our Secretarial Audit Report in Form No. MR-3 the adherence and compliance to the requirements of the said regulations is the responsibility of management. Our examination was limited to checking the execution and timeliness of the filing of various forms, reports, returns and documents that need to be filed by the Company with various authorities under the said regulations. We have not verified the correctness and coverage of the contents of such forms, reports, returns and documents.
- 7) 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.

For Mehta & Mehta, Company Secretaries  
(ICSI Unique Code P1996MH007500)  
Ashwini Inamdar, Partner  
FCS No: F 9409, CP No: 11226  
UDIN: F009409D003188068

Place: Mumbai  
Date: 23rd February, 2023

---

## ANNEXURE TO BOARD'S REPORT (Contd.)

---

### ANNEXURE VII TO BOARD'S REPORT

#### A. CONSERVATION OF ENERGY

**Steps taken or impact on conservation of energy, for utilising alternate source of energy, Capital Investment on Energy Conservation:** Covered in the Business Responsibility and Sustainability Report annexed to the Board's Report as annexure IV.

#### TECHNOLOGY ABSORPTION

**Efforts made towards technology absorption, Benefits derived as a result of the above efforts, imported technology, expenditure incurred on research and development:**

The Company continues with its efforts to introduce various products for market segments by technology absorption. Line synchronous motor concept is under trials for submersible range of products. Various improvements in castings and its processes are under implementation to fine tune the use of castings in terms of consumption, wastage and environmental impact. Company has a special focus on solar market and are developing a range of products suitable for the same.

The Refinery and Petrochemical market calls for latest technology and engineered products. Company has developed axial split casing pumps and vertical cannister pumps as per latest API standards for this market. Company is also focussing on expanding the range of these products to meet customer specific requirements. General industry is an expanding market and company has specifically targeted to absorb technology from its parent company to meet specific market requirements in this sector. Developing a Product to meet requirements in railway sector for Vande Bharat and metro rail is ongoing. Mining sector is a new market segment where the company plans to enter and development of special material under license to cater to slurry pumping in this industry is being undertaken. Various product mix to meet market requirement in submersible pumps of sheet metal steel is a focus area. In industry segments like paper and pulp newer models and sizes are being developed to cater to market requirements. In the water transportation segment, Company completed development of light weight efficient pump series for water handling HSC Gamma pump. In this same sector to meet extended requirements of market, localised production of Omega series under license has been undertaken. Company has also established a Innovation Lab which is working on various projects in internet based pump condition monitoring and various projects for gardening, domestic water supply etc

Company continues its efforts to reduced its dependence on import of special impellers and develop new impellers locally. This has helped in availability of requisite material for the Company.

The Company plans to strengthen the product range in fire fighting & building services segments to meet the needs of these sector. Looking at the growing needs of mechanical seals, the Company continues to offer new sizes and variants to the market. Localisation of mechanical seals to meet market requirements is also a main focus. Solar is another segment where company would like to continue adding surface pumps, controllers and motors.

Company has concentrated on localisation plank as an effective way to support the government Initiative of make in India. Reduction in import content and saving foreign exchange has long term benefits to the company and the nation. Company moves ahead with its progress in process digitisation, RPA robotic process automation, helping to move

---

## ANNEXURE TO BOARD'S REPORT (Contd.)

---

toward paperless process, this will reduce in paper consumption. The Company also has a focussed approach on energy efficient pumps for Industrial application there by reducing the energy consumption of the products. This is undertaken as part of development in new products as well as in replacement and retrofit sectors to upgrade installed base to meet better efficiency standards in energy consumption. Company also introduced several adaptations of submersible Agriculture and Domestic products.

The details of expenditure incurred on research and development are included in the Annexure IV to the Board's Report.

The Company has been importing technology from the parent company KSB SE, Germany in various segments like water, waste water, petrochemicals, energy and industrial applications.

### B. FOREIGN EXCHANGE EARNINGS AND OUTGO

Exports during the year were ₹ 2,551 Million. Total foreign exchange earned during the year was ₹ 2,365 Million. Export orders outstanding for execution are ₹ 1,168 Million. Total foreign exchange used during the year was ₹ 1,301 Million.

On behalf of the Board of Directors  
Gaurav Swarup  
Chairman

Mumbai, 23rd February, 2023



## ANNEXURE TO BOARD'S REPORT (Contd.)

### ANNEXURE VIII TO THE BOARD'S REPORT

#### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ("CSR") ACTIVITIES

1. Brief outline on CSR Policy of the company:

The CSR policy of the Company contains the activities that can be undertaken by the Company for CSR, composition of CSR committee, details of existing charitable trust, annual allocation for CSR activities, areas of CSR projects, criteria for selection of CSR projects, modalities of execution /implementation of CSR activities and the monitoring mechanism of CSR activities/projects.

The CSR activities of the Company are aligned with the activities specified in Schedule VII of the Companies Act, 2013.

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. D.N. Damania	Chairman	3	3
2	Mr. Gaurav Swarup	Member	3	3
3	Mr. Rajeev Jain	Member	3	3

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.

The link for CSR Committee composition, CSR Policy and approved CSR Projects is: [www.ksbindia.co.in](http://www.ksbindia.co.in)

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report): Not Applicable

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

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in INR)	Amount required to be set-off for the financial year, if any (in INR)
1	2022	Nil	Nil
	Total	Nil	Nil

6. Average net profit of the company as per section 135(5): ₹ 1,631.16 Million

7. (a) Two percent of average net profit of the company as per section 135(5): ₹ 32.36 Million  
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL  
 (c) Amount required to be set off for the financial year, if any: NIL  
 (d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 32.36 Million

## ANNEXURE TO BOARD'S REPORT (Contd.)

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (₹)	Amount Unspent (₹ Million)				
	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.
36.32 *	NA	NA	NA	NA	NA

\* The Company spends the prescribed CSR obligation by contributing to an eligible implementing agency.

(b) Details of CSR amount spent against ongoing projects for the financial year: Nil

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Sl. No.	Name Of The Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes /No)	Location of the project (State, District.)	Project duration	Amount allocated for the project (in Rs.)	Amount spent in the current financial Year (in Rs.)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.)	Mode of Implementation – Direct (Yes/ No)	Mode of Implementation – Through Implementing Agency (Name, CSR Registration Number)
	Nil									
	Total									

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

**Mode of implementation** - No direct spending by the Company.

CSR Amount is spent through implementing agency - **Name of the implementing Agency:** KSB Care Charitable Trust, **CSR Registration Number of the implementing Agency:** CSR00012480

(1)	(2)	(3)	(4)	(5)	(6)
Sl. No.	Name of The Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project (District, State.)	Amount spent (INR Million)
1	Donation of Solar Panels - power generation (Mother Theresa Home)	Environment and Destitute Care	Yes	Pune,	0.72
2	Donation of Solar water heaters (Niwara - Old age home)	Environment and Destitute Care	Yes	Pune, Maharashtra	1.30
3	Redevelopment of Dinning hall roof (Families for children)	Destitute Care	Yes	Coimbatore, Tamil Nadu	2.49

## ANNEXURE TO BOARD'S REPORT (Contd.)

(1)	(2)	(3)	(4)	(5)	(6)
Sl. No.	Name of The Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project (District, State.)	Amount spent (INR Million)
4	Support to the existing study centers and donation of school kits (Seva Sahayog)	Education	Yes	Pune, Maharashtra	1.52
5	Support to destitute students (Maher)	Education and Destitute Care	Yes	Pune, Maharashtra	1.20
6	Tree plantations for Mumbai Metropolitan Region (Grow tree.com)	Environment	Yes	Pune, Maharashtra	1.00
7	Sponsor Skill development programmes and hostel facility for students under poverty line (Don Bosco Vywasaik Prashikshan Kendra)	Skill development, Education and Destitute Care	Yes	Pune, Maharashtra	0.78
8	Sponsor annual expense of 40 deaf & dumb students (Vidya Mahamandal)	Education and Destitute Care	Yes	Pune, Maharashtra	0.50
9	Support skill development programme (BSC Nursing) and hostel expenses for underprivileged girls from rural area (Vidyadaan Sahayak Mandal)	Skill development and Destitute Care	Yes	Pune, Maharashtra	0.50
10	Support to destitute children	Destitute Care	Yes	Vambori, Nashik, Maharashtra	1.44
11	Support to installation of Rooftop Solar Power Grids (Maher )	Environment and Destitute Care	Yes	Pune, Maharashtra	2.06
12	Construction of ladies rest room with toilet & basic room furniture (Chinchwad Police Station)	Sanitation and Helath care	Yes	Pune, Maharashtra	0.53
13	Support for basic furniture for each inmate (Niwara old age home)	Destitute Care	Yes	Pune, Maharashtra	0.56
14	Renovation of premises of existing Lab and Setting up of new lab for skill development of students (Government Polytechnic,)	Skill Development and Education	Yes	Pune, Maharashtra	2.33
15	Support for repairs of toilet blocks and changing room near swimming pool, renovation of the pumping room along with filtration plant (Bal Kalyan Sanstha)	Destitute Care and Sanitation	Yes	Pune, Maharashtra	0.98
16	Fund generation through Go-Green project - Seva Sahayog	Environment	Yes	Pune, Maharashtra	0.29

## ANNEXURE TO BOARD'S REPORT (Contd.)

(1) Sl. No.	(2) Name of The Project	(3) Item from the list of activities in schedule VII to the Act.	(4) Local area (Yes/ No).	(5) Location of the project (District, State.)	(6) Amount spent (INR Million)
17	Donation of new age instruments for major surgeries and accessories for Laparoscopy set. (Government Rural Hospital, Dodi Bk)	Helth care	Yes	Sinnar Nashik, Maharashtra	2.78
18	Support to construct new class rooms (Sagunabai Bhikusa Primary School, Sinnar)	Education	Yes	Sinnar Nashik, Maharashtra	2.20
19	Donate a Tractor (Mahamanav Baba Amte Vikas Seva Sanstha)	Destitute Care	Yes	Vambori, Nashik, Maharashtra	0.80
20	Borewell with pump and other requisites piping for Global Pathway School (Global Path Way School)	Sanitation and Education	Yes	Coimbatore, Tamil Nadu	0.59
21	Solar lighting in the school premises (Global Path Way School)	Environment and Education	Yes	Coimbatore, Tamil Nadu	1.14
22	Support to Pragati Girls' School, Shirwal	Skill Development	Yes	Kesurdi, Shirwal, Maharashtra	0.52
23	Tree plantation - through Yashodhan Trust	Environment	Yes	Kesurdi, Shirwal, Maharashtra	0.01
24	Donation of solar power panels (Snehalay)	Environment and Destitute Care	Yes	Vambori, Nashik, Maharashtra	0.81
25	Donation of Chapati making machine (Yashodhan Trust)	Destitute Care	Yes	Kesurdi, Shirwal, Maharashtra	0.30
26	Donation of Vehicle to (Neehar - Old age home)	Destitute Care	Yes	Pune, Maharashtra	1.30
27	Donation of Animal Husbandry Project (Go-Shala at Anamprem)	Destitute Care	Yes	Vambori, Nashik, Maharashtra	2.13
28	Support to set up a computer lab (Bal Kalyan Sanstha)	Education	Yes	Pune, Maharashtra	1.47
29	Donation of Solar power generating system (Tara Sofosh)	Destitute Care and Sanitation	Yes	Pune, Maharashtra	0.93
30	Donation of Solar power generating system (Shreevatsa Sasoon Hospital)	Environment and Destitute Care	Yes	Pune, Maharashtra	1.75
31	Renovation of dormitories	Destitute Care	Yes	Pune, Maharashtra	3.55

## ANNEXURE TO BOARD'S REPORT (Contd.)

(1) Sl. No.	(2) Name of The Project	(3) Item from the list of activities in schedule VII to the Act.	(4) Local area (Yes/ No).	(5) Location of the project (District, State.)	(6) Amount spent (INR Million)
32	Donation of water drainage and sewage work (Mother Theresa Homes)	Destitute Care and Sanitation	Yes	Pune, Maharashtra	0.73
33	Donation of Solar Water Heaters (Snehalaya)	Environment and Destitute Care	Yes	Pune, Maharashtra	0.57
34	Support to construct new class rooms, toilet block and water tank (Sagunabai Bhikusa school and ZP Primary School)	Education	Yes	Sinnar, Nashik, Maharashtra	2.66
35	Donation of Solar power generating system (Tara Sofosh)	Environment and Destitute Care	Yes	Pune, Maharashtra	0.42
	<b>Total</b>				<b>42.84</b>

- (d) Amount spent in Administrative Overheads: Nil
- (e) Amount spent on Impact Assessment, if applicable: Nil
- (f) Total amount spent for the Financial Year (8b+8c+8d+8e): Spent ₹ 36.32 Million for the financial year 2022 by the company and spent ₹ 42.84 Million by the KSB Care Charitable Trust during 2022.
- (g) Excess amount for set off, if any: Nil

Sl. No.	Particular	Amount (₹)
(i)	Two percent of average net profit of the company as per section 135(5)	-
(ii)	Total amount spent for the Financial Year	-
(iii)	Excess amount spent for the financial year [(ii)-(i)]	-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)- (iv)]	-

9. (a) Details of Unspent CSR amount for the preceding three financial years: Nil

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs).	Date of transfer.	
1.		Nil					
	Total						

## ANNEXURE TO BOARD'S REPORT (Contd.)

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

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

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year. (asset-wise details) :  
Not Applicable.

(a) Date of creation or acquisition of the capital asset(s).	-
(b) Amount of CSR spent for creation or acquisition of capital asset.	-
(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	-
(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).	-

Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): Not Applicable

Mumbai, 23rd February 2023

Rajeev Jain  
Managing Director

Mr. D. N. Damania  
Chairman, CSR Committee

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KSB LIMITED

### Report on the audit of the Standalone Financial Statements

#### Opinion

- We have audited the accompanying standalone financial statements of KSB Limited ("the Company"), which comprise the Balance Sheet as at December 31, 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
- In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("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 December 31, 2022, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

#### Basis for Opinion

- We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

- Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Appropriateness of Revenue Recognition</b></p> <p>(Refer to Note 1(d), 2(ii) and 20 to the standalone financial statements)</p> <p>The Company recognises revenue in accordance with Ind AS 115 "Revenue from Contracts with Customers". This involves application of significant judgement by Management with respect to:</p> <ul style="list-style-type: none"> <li>Combining multiple contracts as a single contract.</li> <li>Identification of distinct performance obligations;</li> <li>Allocation of consideration to identified performance obligations;</li> <li>Determination of timing of recognition of revenue either over a period of time or at a point in time on transfer of control to customers. This includes assessment of alternative use of the products to the Company based on technical analysis as well as legal assessment of right to payment.</li> </ul>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Understanding and evaluation of the design and testing the operating effectiveness of controls surrounding the recording of revenue in accordance with the principles of Ind AS 115.</li> <li>Testing of customer contracts on a sample basis to assess the terms for identification of performance obligations in accordance with Ind AS 115 and comparing those to the management assessment;</li> <li>Assessing appropriateness of management's judgements and estimates involved in accounting for a sample of customer contracts including inquiry and discussion with appropriate client personnel especially regarding the nature of products and alternative use of the products to the Company.</li> <li>Evaluation of the Company's in-house legal counsel's views regarding the Company's right to payment for performance to date;</li> </ul>



## INDEPENDENT AUDITORS' REPORT (Contd.)

<p>Considering the above-mentioned factors, appropriateness of revenue recognition has been considered as a Key Audit Matter.</p>	<ul style="list-style-type: none"> <li>• Testing the appropriateness of timing of recognition of revenue (including procedures related to cut off testing) in line with the terms of the customer contracts;</li> <li>• Testing the key assumptions used by the management to estimate contract risks, claims, liquidated damages etc.;</li> <li>• Verifying the reports used by management for monitoring contracts and their progress;</li> <li>• Evaluating appropriateness of the disclosures made in the standalone financial statements.</li> </ul> <p>Based on above procedures, we did not identify any significant exceptions in the judgement applied by the management in recognition of revenue.</p>
---	--

### Other Information

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained 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

6. 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

Accounting Standards specified under Section 133 of the Act. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

7. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's responsibilities for the audit of the financial statements

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole

## INDEPENDENT AUDITORS' REPORT (Contd.)

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.

9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal 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 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.
10. 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.
11. 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.
12. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

---

## INDEPENDENT AUDITORS' REPORT (Contd.)

---

### Report on other legal and regulatory requirements

13. 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 B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
14. 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 income), 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 Accounting Standards specified under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on December 31, 2022, taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 18 (b) and 30 (a) to the standalone financial statements.
    - ii. The Company has made provision as at December 31, 2022, as required under the applicable law or accounting standards, for material foreseeable losses, on long-term contracts including derivative contracts.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year.
    - iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 37 (h) to the standalone financial statements);
      - (b) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been received by the Company from any

---

## INDEPENDENT AUDITORS' REPORT (Contd.)

---

- 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 (Refer Note 37 (h) to the standalone financial statements); and
- (c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. The dividend declared and paid during the year by the Company is in compliance with Section 123 of the Act.
15. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016

Amit Borkar  
Partner  
Membership Number: 109846  
UDIN: 23109846BGYFKK9885

Place: Mumbai  
Date: February 23, 2023

---

## ANNEXURE TO INDEPENDENT AUDITORS' REPORT

---

### ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 14(f) of the Independent Auditor's Report of even date to the members of KSB Limited on the standalone financial statements for the year ended December 31, 2022

#### Report on the Internal Financial Controls with reference to Standalone Financial Statements under clause (i) of sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to standalone financial statements of KSB Limited ("the Company") as of December 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

2. 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 ("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 company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditors' Responsibility

3. 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 and the Standards on Auditing deemed to be prescribed

under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system 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 internal financial controls with reference to standalone financial statements, 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.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to standalone financial statements.

#### Meaning of Internal Financial Controls with reference to standalone financial statements

6. A company's internal financial controls 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 controls with reference to standalone financial statements includes those policies and procedures that (1)

## ANNEXURE TO INDEPENDENT AUDITORS' REPORT (Contd.)

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 authorisations 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 with reference to standalone financial statements**

7. Because of the inherent limitations of internal financial controls 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls 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.

### **Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at December 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016

Amit Borkar  
Partner

Membership Number: 109846  
UDIN : 23109846BGYFKK9885

Place: Mumbai  
Date: February 23, 2023

---

## ANNEXURE TO INDEPENDENT AUDITORS' REPORT

---

### ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 13 of the Independent Auditors' Report of even date to the members of KSB Limited on the Standalone Financial Statements as of and for the year ended December 31, 2022

- i. (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of Property, Plant and Equipment.  
(B) The Company is maintaining proper records showing full particulars of Intangible Assets.
- (b) The Property, Plant and Equipment are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the Property, Plant and Equipment has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) The title deeds of all the immovable properties, other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee, as disclosed in Note 3 to the standalone financial statements, are held in the name or erstwhile name of the Company.
- (d) The Company has chosen cost model for its Property, Plant and Equipment (including Right of Use assets) and intangible assets. Consequently, the question of our commenting on whether the revaluation is based on the valuation by a Registered Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment (including Right of Use assets) or intangible assets does not arise.
- (e) Based on the information and explanations furnished to us, no proceedings have been initiated on or are pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its financial statements does not arise.
- ii. (a) The physical verification of inventory excluding stocks with third parties and third party managed warehouse has been conducted at reasonable intervals by the Management during the year and, in our opinion, the coverage and procedure of such verification by Management is appropriate. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory.
- (b) During the year, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, from banks on the basis of security of current assets. As informed to us, the Company is not required to file quarterly returns or statements with such banks and accordingly, the question of our commenting on whether these returns or statements are in agreement with the unaudited books of account of the Company does not arise.
- iii. (a) The Company has granted unsecured loans to its employees. The aggregate amount during the year, and balance outstanding at the balance sheet date with respect to such loans to its employees are as per the table given below:



## ANNEXURE TO INDEPENDENT AUDITORS' REPORT (Contd.)

Particulars	Loans (Amount in Rs. Million)
Aggregate amount of loans granted to employees during the year	71.35
Balance outstanding as a balance sheet date in respect of the above case	123.69

(Also refer Note 6 (b) to the financial statements)

- (b) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest.
- (c) In respect of the aforesaid loans, the schedule of repayment of principal and payment of interest has been stipulated, and the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest as applicable.
- (d) In respect of the aforesaid loans in nature of loans, there is no amount which is overdue for more than ninety days.
- (e) There were no loans which fell due during the year and were renewed/extended. Further, no fresh loans were granted to same parties to settle the existing overdue loans/advances in nature of loan
- (f) There were no loans/advances in nature of loans which were granted during the year, including to promoters/related parties.
- iv. The Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Sections 185 and 186. Therefore, the reporting under clause 3(iv) of the Order are not applicable to the Company.
- v. The Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- 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) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of employees' state insurance and income tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including duty of customs, provident fund, goods and services tax and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no statutory dues of sales tax, duty of customs, value added tax which have not been deposited on account of any dispute. The particulars of income tax, goods and services tax, duty of excise as at December 31, 2022 which have not been deposited on account of a dispute, are as follows:

## ANNEXURE TO INDEPENDENT AUDITORS' REPORT (Contd.)

Name of the statute	Nature of dues	Amount (INR in million)	Amount paid under protest (₹ in million)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise Duty (including interest and penalty, if applicable)	24.07	7.87	Aug' 13 to June' 17	The Commissioner Of CGST & Central Excise
		574.29	191.20	Apr' 13 to June' 17	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
		1.72	0.12	Mar' 02	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
Finance Act, 1994	Service Tax (including interest and penalty, if applicable)	520.15	9.49	Sept'04 to Mar'09	Principal Commissioner of Central Excise and Service Tax
Goods and Service Tax Act, 2017	Goods and Service Tax Act (including interest and penalty, if applicable)	5.21	1.85	July' 17	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
Income Tax Act, 1961	Income Tax (including interest and penalty, if applicable)	85.97	29.70	AY 2017 - 18	Income Tax Appellate Tribunal (ITAT)
Income Tax Act, 1961	Income Tax (including interest and penalty, if applicable)	459.53	-	AY 2021 - 22	Commissioner of Income tax (Appeals)

## ANNEXURE TO INDEPENDENT AUDITORS' REPORT (Contd.)

- viii. According to the information and explanations given to us and the records of the Company examined by us, there are no transactions in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.
- ix. (a) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender during the year.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority.
- (c) According to the records of the Company examined by us and the information and explanations given to us, the Company has not obtained any term loans.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the 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) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary or associate company. The Company does not have a joint venture.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiary or associate company. The Company does not have a joint venture.
- x. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the 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 fully or partially or optionally convertible debentures during the year. Accordingly, the reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.
- (c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in

---

## ANNEXURE TO INDEPENDENT AUDITORS' REPORT (Contd.)

---

- India, and according to the information and explanations given to us, the Company has received whistle-blower complaints during the year, which have been considered by us for any bearing on our audit and reporting under this clause.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under clause 3(xii) of the Order is not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard 24 "Related Party Disclosures" specified under Section 133 of the Act.
- xiv. (a) In our opinion and according to the information and explanation given to us, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) The reports of the Internal Auditor for the period under audit have been considered by us.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is 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. Accordingly, the reporting under clause 3(xvi)(a) of the Order is not applicable to the Company.
- (b) The Company has not conducted non-banking financial / housing finance activities during the year. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) Based on the information and explanations provided by the management of the Company, the Group does not have any CICs, which are part of the Group. We have not, however, separately evaluated whether the information provided by the management is accurate and complete. Accordingly, the reporting under clause 3(xvi)(d) of the Order is not applicable to the Company.
- xvii. The Company has not incurred any cash losses in the financial year or in the immediately preceding financial year
- xviii. There has been no resignation of the statutory auditors during the year and accordingly the reporting under clause (xviii) is not applicable.
- xix. According to the information and explanations given to us and on the basis of the financial ratios (Also refer Note 37 to the financial statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date will get discharged by the Company as and when they fall due.

---

## **ANNEXURE TO INDEPENDENT AUDITORS' REPORT**

---

- xx. As at balance sheet date, the Company does not have any amount remaining unspent under Section 135(5) of the Act. Accordingly, reporting under clause 3(xx) of the Order is not applicable.
- xxi The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016

Amit Borkar  
Partner  
Membership Number : 109846  
UDIN : 23109846BGYFKK9885

Place: Mumbai  
Date: February 23, 2023

## Balance Sheet as at December 31, 2022

(All amounts in ₹ million, unless otherwise stated)

Particulars	Notes	As at December 31, 2022	As at December 31, 2021
<b>ASSETS</b>			
I. Non-current assets			
Property, plant and equipment	3	3,214.64	2,819.53
Right-of-use assets	4	269.08	273.43
Capital work-in-progress	3	251.43	391.76
Other Intangible assets	5	17.05	13.41
Financial assets			
(a) Investments	6 (a)	63.15	63.15
(b) Trade receivables	7	98.24	145.36
(c) Loans	6 (b)	91.19	83.57
(d) Other financial assets	9	46.33	38.70
Deferred tax assets (net)	13 (a)	166.85	219.72
Assets for current tax (net)	13 (b)	209.18	160.98
Other non-current assets	11	569.66	214.59
Total non-current assets		4,996.80	4,424.20
II. Current assets			
Inventories	10	5,610.89	4,230.84
Financial assets			
(a) Trade receivables	7	4,036.53	2,779.83
(b) Cash and cash equivalents	8 (a)	319.34	565.39
(c) Bank balances other than (b) above	8 (b)	2,290.53	2,979.65
(d) Loans	6 (b)	39.34	27.08
(e) Other financial assets	9	89.94	101.24
Other current assets	12	351.34	517.94
Total current assets		12,737.91	11,201.97
Total Assets		17,734.71	15,626.17
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	14 (a)	348.08	348.08
Other equity	14 (b)	10,582.60	9,292.78
Total Equity		10,930.68	9,640.86
<b>LIABILITIES</b>			
I. Non-current liabilities			
Lease liabilities	15	19.51	20.34
Provisions	18 (a)	433.10	516.67
Total non-current liabilities		452.61	537.01
II. Current liabilities			
Financial liabilities			
(a) Lease liabilities	15	9.31	9.55
(b) Trade payables	16		
-Total outstanding dues of micro enterprises and small enterprises		482.97	212.05
-Total outstanding dues of creditors other than micro enterprises and small enterprises		2,659.65	2,579.45
(c) Other financial liabilities	17	733.89	827.15
Other current liabilities	19	1,962.66	1,261.71
Provisions	18 (b)	502.94	540.75
Current tax liabilities (net)	13 (b)	-	17.64
Total current liabilities		6,351.42	5,448.30
Total Liabilities		6,804.03	5,985.31
Total Equity and Liabilities		17,734.71	15,626.17

Summary of significant accounting policies 1  
The accompanying notes are an integral part of these financial statements.  
This is the Balance Sheet referred to in our report of even date.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016

Amit Borkar  
Partner  
Membership No.: 109846

For and on behalf of the Board of Directors

Gaurav Swarup  
Chairman  
(DIN: 00374298)  
Rajeev Jain  
Managing Director  
(DIN: 07475640)

D. N. Damania  
Director  
(DIN: 00403834)  
Mahesh Bhawe  
Chief Financial Officer

Place : Mumbai  
Date : February 23, 2023

Place : Mumbai  
Date : February 23, 2023

Shraddha Kavathekar  
Company Secretary

## Statement of Profit and Loss for the year ended December 31, 2022

(All amounts are in ₹ million, unless otherwise stated)

Particulars	Notes	Year ended December 31, 2022	Year ended December 31, 2021
<b>Income</b>			
Revenue from operations	20	18,219.60	14,972.91
Other income	21	454.18	363.77
<b>Total Income</b>		<b>18,673.78</b>	<b>15,336.68</b>
<b>Expenses</b>			
Cost of materials consumed	22	8,942.33	7,212.55
Purchases of stock-in-trade	23	1,687.73	1,353.31
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	(750.05)	(641.61)
Employee benefits expense	25	2,438.97	2,153.75
Finance costs	26	61.26	50.40
Depreciation and amortisation expense	27	452.61	435.34
Other expenses	28	3,434.07	2,800.15
<b>Total Expenses</b>		<b>16,266.92</b>	<b>13,363.89</b>
Profit before tax		2,406.86	1,972.79
<b>Tax expense</b>			
Current tax	13 (b)	538.51	560.50
Deferred tax	13 (a), (b)	75.66	(53.73)
<b>Total tax expense</b>		<b>614.17</b>	<b>506.77</b>
Profit for the year		1,792.69	1,466.02
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement of post-employment benefit obligations	31	(90.56)	8.54
Income tax relating to items that will not be reclassified to profit or loss	13 (a), (b)	22.79	(2.15)
<b>Total other comprehensive income for the year, net of tax</b>		<b>(67.77)</b>	<b>6.39</b>
<b>Total comprehensive income for the year</b>		<b>1,724.92</b>	<b>1,472.41</b>
<b>Earnings per equity share</b>			
Basic and Diluted (face value of ₹ 10/- each)	29	51.50	42.12

Summary of significant accounting policies

1

The accompanying notes are an integral part of these financial statements.  
This is the Statement of Profit and Loss referred to in our report of even date.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016

For and on behalf of the Board of Directors

Amit Borkar  
Partner  
Membership No.: 109846

Gaurav Swarup  
Chairman  
(DIN : 00374298)

D. N. Damania  
Director  
(DIN : 00403834)

Rajeev Jain  
Managing Director  
(DIN : 07475640)

Mahesh Bhav  
Chief Financial Officer

Place : Mumbai  
Date : February 23, 2023

Place : Mumbai  
Date : February 23, 2023

Shraddha Kavathekar  
Company Secretary



## Statement of Changes in Equity for the year ended December 31, 2022

(All amounts are in ₹ million, unless otherwise stated)

### A. Equity share capital

	Notes	
As at January 1, 2021		348.08
Change in equity share capital	14 (a)	-
As at December 31, 2021		348.08
Change in equity share capital	14 (a)	-
As at December 31, 2022		348.08

### B. Other equity [ Refer note 14 (b) ]

	Capital reserve	Capital redemption reserve	Securities premium	General reserve	Amalgamation reserve	Retained earnings	Total
As at January 1, 2021	0.09	0.10	3.20	1,085.08	0.06	7,027.71	8,116.24
Profit for the year	-	-	-	-	-	1,466.02	1,466.02
Other Comprehensive Income							
Remeasurement of post employment benefit obligations (net of tax)	-	-	-	-	-	6.39	6.39
Total Comprehensive Income	-	-	-	-	-	1,472.41	1,472.41
Transactions with owners in their capacity as owners:							
Dividends paid	-	-	-	-	-	(295.87)	(295.87)
As at December 31, 2021	0.09	0.10	3.20	1,085.08	0.06	8,204.25	9,292.78
	Capital reserve	Capital redemption reserve	Securities premium	General reserve	Amalgamation reserve	Retained earnings	Total
As at January 1, 2022	0.09	0.10	3.20	1,085.08	0.06	8,204.25	9,292.78
Profit for the year	-	-	-	-	-	1,792.69	1,792.69
Other Comprehensive Income							
Remeasurement of post employment benefit obligations (net of tax)	-	-	-	-	-	(67.77)	(67.77)
Total Comprehensive Income	-	-	-	-	-	1,724.92	1,724.92
Transactions with owners in their capacity as owners:							
Dividends paid	-	-	-	-	-	(435.10)	(435.10)
As at December 31, 2022	0.09	0.10	3.20	1,085.08	0.06	9,494.07	10,582.60

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.  
This is the Statement of Changes in Equity referred to in our report of even date

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016

For and on behalf of the Board of Directors

Amit Borkar  
Partner  
Membership No.: 109846

Gaurav Swarup  
Chairman  
(DIN : 00374298)

D. N. Damania  
Director  
(DIN : 00403834)

Rajeev Jain  
Managing Director  
(DIN : 07475640)

Mahesh Bhav  
Chief Financial Officer

Place : Mumbai  
Date : February 23, 2023

Place : Mumbai  
Date : February 23, 2023

Shraddha Kavathekar  
Company Secretary

## Statement of Cash Flows for the year ended December 31, 2022

(All amounts are in ₹ million, unless otherwise stated)

Particulars	Year ended December 31, 2022	Year ended December 31, 2021
A. Cash flows from operating activities		
Profit before tax	2,406.86	1,972.79
Adjustments for :		
Depreciation and amortisation expense	452.61	435.34
Net (gain)/loss on disposal of property, plant and equipment	(13.49)	3.69
Finance costs	61.26	50.40
Interest income	(193.80)	(195.76)
Dividend from investment in associate	(32.34)	(26.83)
Fair value loss in derivative financial instruments	3.14	5.64
Sundry credit balances and provisions no longer required, written back	(14.42)	(3.77)
Unrealised foreign exchange gain	(18.93)	(11.92)
Allowance for doubtful receivables	(41.64)	30.86
	<u>202.39</u>	<u>287.65</u>
Operating profit before working capital changes	2,609.25	2,260.44
Adjustment for changes in working capital:		
(Increase) / decrease in operating assets:		
Inventories	(1,380.05)	(622.09)
Trade receivables	(1,138.18)	(103.69)
Loans	(19.88)	(48.73)
Other financial assets	(7.63)	(0.62)
Other assets	166.28	(256.26)
Increase / (decrease) in operating liabilities:		
Trade payables	349.05	183.61
Other financial liabilities	(81.06)	47.76
Other liabilities	700.95	(192.03)
Provisions	(211.94)	119.13
	<u>(1,622.46)</u>	<u>(872.92)</u>
Cash generated from operations	986.79	1,387.52
Income taxes paid (net of refunds)	(604.35)	(762.58)
Net cash flows generated from operating activities (A)	382.44	624.94

## Statement of Cash Flows for the year ended December 31, 2022 (Contd.)

(All amounts in ₹ million, unless otherwise stated)

Particulars	Year ended December 31, 2022	Year ended December 31, 2021
<b>B. Cash flows from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(1,069.20)	(382.19)
Proceeds from disposal of property, plant and equipment	15.72	6.58
Investment in fixed deposits	(11,525.43)	(8,411.75)
Redemption of fixed deposits	12,215.12	8,597.07
Interest received	204.14	191.72
Dividend from investment in associate	<u>32.34</u>	<u>26.83</u>
Net cash flows generated from/(used in) investing activities (B)	(127.31)	28.26
<b>C. Cash flows from financing activities</b>		
Proceeds from current borrowings	580.00	800.00
Repayment of current borrowings	(580.00)	(1,400.00)
Interest paid	(58.39)	(47.69)
Repayment of lease liabilities	(12.13)	(10.65)
Dividends paid	<u>(435.10)</u>	<u>(295.87)</u>
Net cash flows used in financing activities (C)	(505.62)	(954.21)
Net decrease in Cash and cash equivalents (A+B+C)	(250.49)	(301.01)
Cash and cash equivalents at the beginning of the year	565.39	870.34
Effects of exchange rate changes on cash and cash equivalents	4.44	(3.94)
Cash and cash equivalents at the end of the year	<u>319.34</u>	<u>565.39</u>
Reconciliation of Cash and cash equivalents as per Statement of Cash Flows		
Cash and cash equivalents as per above comprise of following:	As at	As at
	December 31, 2022	December 31, 2021
Cash and cash equivalents [Refer note 8 (a)]	319.34	565.39
Balances as per Statement of Cash Flows	<u>319.34</u>	<u>565.39</u>

Notes:

(i) Statement of Cash Flows has been prepared under the 'Indirect Method' in accordance with 'Ind AS 7 : Statement of Cash Flows'.

(ii) Refer note 36 (a) for Net debt reconciliation.

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

This is the Statement of Cash Flows referred to in our report of even date.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016

Amit Borkar  
Partner  
Membership No.: 109846

Place : Mumbai  
Date : February 23, 2023

For and on behalf of the Board of Directors

Gaurav Swarup  
Chairman  
(DIN : 00374298)

Rajeev Jain  
Managing Director  
(DIN : 07475640)

Place : Mumbai  
Date : February 23, 2023

D. N. Damania  
Director  
(DIN : 00403834)

Mahesh Bhav  
Chief Financial Officer

Shraddha Kavathekar  
Company Secretary

## Notes forming part of the financial statements

(All amounts are in ₹ million, unless otherwise stated)

	<p>Background:</p> <p>KSB Limited (the ‘Company’) is a public limited Company domiciled in India with its registered office located at Office No. 601, Runwal R-Square, L.B.S Marg, Mulund (West), Mumbai – 400 080. The Company is listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The Company is engaged in the business of manufacture of different types of power-driven pumps and industrial valves. Castings are mainly produced for captive consumption. CIN of the Company is L29120MH1960PLC011635.</p> <p>The financial statements have been authorized for issue by the Board of Directors on February 23, 2023.</p>
<b>1.</b>	<p><b>Summary of significant accounting policies:</b></p> <p>This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.</p>
(a)	<p>Basis of preparation</p> <p>(i) Compliance with Ind AS</p> <p>The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time] and other relevant provisions of the Act.</p> <p>(ii) Historical cost convention</p> <p>The financial statements have been prepared on a historical cost basis, except for the following:</p> <ul style="list-style-type: none"> <li>• Certain financial assets and liabilities (including derivative instruments) that are measured at fair value</li> <li>• Defined benefit plans - plan assets measured at fair value.</li> </ul> <p>All assets and liabilities have been classified as current or non-current as per the Company’s operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.</p>
(b)	<p>Segment reporting</p> <p>Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the Company’s board of directors. Refer note 33 for segment information presented.</p>
(c)	<p>Foreign currency translation</p> <p>(i) Functional and presentation currency</p> <p>Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the ‘functional currency’). The financial statements are presented in Indian rupee (INR), which is the Company’s functional and presentation currency.</p> <p>(ii) Transactions and balances</p> <p>Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end are recognised in profit and loss and are presented in the Statement of Profit and Loss on a net basis.</p> <p>Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.</p>

---

## Notes forming part of the financial statements (Contd.)

---

(All amounts are in ₹ million, unless otherwise stated)

(d)	<p>Revenue recognition</p> <p>Ind AS 115 Revenue from Contracts with Customers deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a promised good or service and thus has the ability to direct the use and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.</p> <p>The five-step process must be applied before revenue can be recognised:</p> <ul style="list-style-type: none"><li>(i) identify contracts with customers</li><li>(ii) identify the separate performance obligation</li><li>(iii) determine the transaction price of the contract</li><li>(iv) allocate the transaction price to each of the separate performance obligations, and</li><li>(v) recognise the revenue as each performance obligation is satisfied.</li></ul> <p>(i) Revenue from sale of products</p> <p>The Company accounts for a contract when it has approval and commitment from parties involved, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable.</p> <p>Company generate revenue from sale of pumps, valves and related support services. The Company may promise to provide distinct goods or services within a contract, for example when a contract covers multiple promises (e.g., supply of pumps, motors and spares), in which case the Company separates the contract into more than one performance obligation. If a contract is separated into more than one performance obligation, the Company allocates the total transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost-plus margin approach to allocate the transaction price to each distinct performance obligation.</p> <p>The Company assesses for the timing of revenue recognition in case of each distinct performance obligation. The Company first assesses whether the revenue can be recognized over time as it performs if any of the following criteria is met:</p> <ul style="list-style-type: none"><li>(a) The customer simultaneously consumes the benefits as the Company performs, or</li><li>(b) The customer controls the work-in-progress, or</li><li>(c) The Company's performance does not create an asset with alternative use to the Company and the Company has right to payment for performance completed till date</li></ul> <p>If none of the criteria above are met, the Company recognizes revenue at a point-in-time. The point-in-time is determined when the control of the goods or services is transferred which is generally determined based on when the significant risks and rewards of ownership are transferred to the customer. Apart from this, the Company also considers its present right to payment, the legal title to the goods, the physical possession and the customer acceptance in determining the point in time where control has been transferred.</p> <p>In case of revenue to be recognized over time, the Company uses input method to measure the progress for contracts because it best depicts the transfer of control to the customer which occurs as it incurs costs on contracts. Under the input method measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenues, including estimated fees or profits, are recorded proportionally as costs are incurred.</p>
-----	---

## Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

	<p>Due to the nature of the work required to be performed on performance obligations, the estimation of total revenue and cost at completion is complex, subject to many variables and requires significant judgment. It is common for project contracts to contain penalties, bonuses or other provisions that can either increase or decrease the transaction price. These variable amounts generally are awarded upon achievement of certain performance metrics, program milestones or cost targets and may be based upon customer discretion.</p> <p>The Company estimates variable consideration using expected value method of probability-weighted values at an amount to which it expects to be entitled. The Company includes estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. The estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of the anticipated performance and all information (historical, current and forecasted) that is reasonably available.</p> <p>Contracts are modified to account for changes in contract specifications and requirements. The Company considers contract modifications to exist when the modification either creates new or changes the existing enforceable rights and obligations. Most of the contract modifications are for goods or services that are not distinct from the existing contract due to the significant integration service provided in the context of the contract and are accounted for as if they were part of that existing contract. The effect of a contract modification on the transaction price and measure of progress for the performance obligation to which it relates, is recognized as an adjustment to revenue (either as an increase in or a reduction of revenue) on a cumulative catch-up basis.</p> <p>When estimates of total costs to be incurred exceed total estimates of revenue to be earned on a performance obligation related to a contract, a provision for the entire loss on the performance obligation is recognized in the period.</p> <p>(ii) Revenue from sale of services</p> <p>Company generate revenue from sale of pumps, valves and related support services. Revenue from services is recognised in the accounting period in which the services are rendered.</p> <p>(iii) Other operating revenue</p> <p>Revenue comprising of income from ancillary activities incidental to the operations of the Company is recognized when the right to receive the income is established as per the terms of the contract. Revenue from export incentives majorly comprises of Duty drawback, Merchandise Export Incentive Scheme (MEIS) and Remission of Duties and Taxes on Exported Products (RoDTEP) which are recognised on an accrual basis at specified rates. Refer note 20.</p> <p>(iv) Other income</p> <p>Interest income:</p> <p>Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Interest income is included in Other income in the Statement of Profit and Loss.</p> <p>Dividends:</p> <p>Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.</p> <p>(e) Income tax</p> <p>The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.</p>
--	---

---

## Notes forming part of the financial statements (Contd.)

---

(All amounts are in ₹ million, unless otherwise stated)

	<p>The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.</p> <p>Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.</p> <p>Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.</p> <p>Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.</p> <p>Current and deferred tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.</p>
(f)	<p>Government grants</p> <p>Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Company will comply with all attached conditions. Government grants relating to income are recognised in the Statement of Profit and Loss. Refer note 1(e)(iii) for accounting policy related to Duty drawback, Merchandise Export Incentive Scheme (MEIS) and Remission of Duties and Taxes on Exported Products (RoDTEP).</p> <p>When government or related institutions provide concession in interest on borrowings or loans availed by the Company from financial institutions, such interest concession is regarded as a government grant. The Company accounts for the interest paid at concessional rate on packing credit facility availed for export of goods.</p>
(g)	<p>Leases</p> <p><i>As a lessee:</i></p> <p>Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the principal (liability) and finance cost. The finance cost is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.</p> <p>Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable. Company does not have any variable lease payments.</p> <p>Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.</p>



## Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

	<p>Right-of-use assets are measured at cost comprising the following:</p> <ul style="list-style-type: none"> <li>● the amount of the initial measurement of lease liability</li> <li>● any lease payments made at or before the commencement date less any lease incentives received</li> <li>● any initial direct costs, and</li> <li>● restoration costs.</li> </ul> <p>Right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.</p> <p>Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the Statement of Profit and Loss. Short-term leases are leases with a lease term of 12 months or less.</p>
(h)	<p>Impairment of assets</p> <p>The management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. If an asset is impaired, the Company recognises an impairment loss as the excess of the carrying amount of the asset over the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. An impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.</p>
(i)	<p>Cash and cash equivalents</p> <p>For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents include cash on hand, balances with banks in current accounts and EEFC accounts, fixed deposits with banks with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet. Other bank balances include fixed deposits with original maturities of more than three months and earmarked accounts which includes unpaid dividend.</p>
(j)	<p>Trade receivables</p> <p>Trade receivables are amounts due from customers for goods sold and services performed in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment and liquidated damages.</p>
(k)	<p>Borrowing costs</p> <p>Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the year in which they are incurred.</p>
(l)	<p>Inventories</p> <p>Inventories are valued at the lower of cost and net realisable value.</p> <p>Cost of raw materials, components, stores, spares, loose tools and traded goods comprises cost of purchases. Cost of work-in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of weighted average basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.</p>

## Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

(m)	<p>Financial assets</p> <p>(i) Classification</p> <p>The Company classifies its financial assets in the following measurement categories:</p> <ul style="list-style-type: none"> <li>• those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and</li> <li>• those measured at amortised cost.</li> </ul> <p>The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.</p> <p>For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held.</p> <p>For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.</p> <p>The Company reclassifies debt investments when and only when its business model for managing those assets changes.</p> <p>(ii) Measurement</p> <p>At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in Statement of Profit and Loss.</p> <p>Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.</p> <p>Debt instruments</p> <p>Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments as follows:</p> <ul style="list-style-type: none"> <li>• Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.</li> </ul> <p>Equity instruments</p> <p>The Company subsequently measures equity investment at fair value. The Company's Management elects to present fair value gains and losses on equity investments in other comprehensive income on an instrument by instrument basis.</p> <p>(iii) Impairment of financial assets</p> <p>The Company assesses on a forward-looking basis the expected credit loss associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Refer note 35(A) for details of credit risk.</p> <p>For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.</p> <p>(iv) Derecognition of financial assets</p> <p>A financial asset is derecognised only when</p>
-----	---

## Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

	<ul style="list-style-type: none"> <li>The Company has transferred the rights to receive cash flows from the financial asset or</li> <li>retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.</li> </ul> <p>Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.</p> <p>Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.</p>												
(n)	<p>Derivatives</p> <p>The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss.</p>												
(o)	<p>Offsetting financial instruments</p> <p>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 asset 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 counterparty.</p>												
(p)	<p>Property, plant and equipment</p> <p>Freehold land is stated at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.</p> <p>Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.</p> <p>Depreciation methods, estimated useful lives and residual value</p> <p>Depreciation is provided on the straight-line method/ written down value method over the useful lives of assets which has been assessed as under the technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, maintenance support, etc., which are different from those prescribed in Schedule II to the Companies Act, 2013 (Act) except for server and networking (SLM) and furniture and fixtures (WDV) which are same as prescribed in Schedule II to the Act. Estimated useful lives of assets are as follows:</p> <table border="1"> <thead> <tr> <th>Asset</th> <th>Useful life</th> </tr> </thead> <tbody> <tr> <td>Buildings</td> <td>43 to 90 years (WDV)</td> </tr> <tr> <td>Plant and equipment</td> <td>09 to 21 years (SLM)</td> </tr> <tr> <td>Vehicles</td> <td>05 to 11 years (WDV)</td> </tr> <tr> <td>Office equipment</td> <td>10 years (SLM)</td> </tr> <tr> <td>Computer equipment</td> <td>06 years (SLM)</td> </tr> </tbody> </table>	Asset	Useful life	Buildings	43 to 90 years (WDV)	Plant and equipment	09 to 21 years (SLM)	Vehicles	05 to 11 years (WDV)	Office equipment	10 years (SLM)	Computer equipment	06 years (SLM)
Asset	Useful life												
Buildings	43 to 90 years (WDV)												
Plant and equipment	09 to 21 years (SLM)												
Vehicles	05 to 11 years (WDV)												
Office equipment	10 years (SLM)												
Computer equipment	06 years (SLM)												

## Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

	<p>The asset's residual values and useful lives are reviewed and adjusted if appropriate, at the end of the reporting period.</p> <p>An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.</p> <p>Net gains or net losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss under other income or other expenses respectively.</p>						
(q)	<p>Intangible assets</p> <p>Intangible assets are stated at acquisition cost net of tax/ duty credits availed, if any, and net of accumulated amortisation. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss. Intangible assets are amortized on the straight-line method as follows:</p> <table border="1"> <thead> <tr> <th>Asset</th> <th>Useful life</th> </tr> </thead> <tbody> <tr> <td>Rights, techniques, process</td> <td>7 to 10 years</td> </tr> <tr> <td>Computer software</td> <td>3 years</td> </tr> </tbody> </table>	Asset	Useful life	Rights, techniques, process	7 to 10 years	Computer software	3 years
Asset	Useful life						
Rights, techniques, process	7 to 10 years						
Computer software	3 years						
(r)	<p>Trade and other payables</p> <p>These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are unsecured and are presented as current liabilities unless payment is not due within operating cycle determined by the Company after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.</p>						
(s)	<p>Provisions and Contingent liabilities</p> <p>Provisions are recognised when the Company has a present, legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are determined based on the best estimate required to settle the obligation at the Balance Sheet date. Provisions are reviewed at each Balance Sheet date and adjusted to reflect current best estimates. Provisions are not recognised for future operating losses. Provision for warranty is computed as a percentage of sales based on the past trends observed.</p> <p>Contingent liabilities are disclosed by way of a note to the financial statements when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.</p>						
(t)	<p>Employee benefits</p> <p>(i) Short-term obligations</p> <p>Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.</p> <p>(ii) Other long-term employee benefit obligations</p> <p>The liabilities for Other long-term employee benefits such as long service award, privileged leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period</p>						

## Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

	<p>using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss. The Company does not have an unconditional right to defer settlement for any of these obligations. However, based on the past experience, the Company does not expect payment of the entire amount of accrued leaves or availment of the entire number of accrued leaves by employees within twelve months and accordingly, amounts have been classified as current and non-current.</p> <p>(iii) Post-employment obligations</p> <p>The Company operates the following post-employment schemes:</p> <p>(a) Defined benefit plans - gratuity and superannuation</p> <p>(b) Defined contribution plans - provident fund</p> <p>(a) Defined benefit plans - gratuity and superannuation</p> <p>(i) Gratuity</p> <p>The Company provides for gratuity, a defined benefit plan (the “Gratuity Plan”) covering eligible employees in accordance with the Payment of Gratuity Act, 1972, as amended from time to time. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death or termination of employment, of an amount based on the respective employee’s salary and the tenure of employment.</p> <p>The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.</p> <p>The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.</p> <p>The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in finance cost in the Statement of Profit and Loss.</p> <p>Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.</p> <p>Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Statement of Profit and Loss as past service cost.</p> <p>(ii) Superannuation</p> <p>Superannuation is a benefit to certain employees (depending on the grade / category of the employee and completed years of service) per month for each completed year of service.</p> <p>(b) Defined Contribution Plans</p> <p>The Company pays provident fund contributions for all employees to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefits expense when they are due.</p> <p>(u) Dividends</p> <p>The Company recognizes provision for Dividend and the tax thereupon, if any, once the Dividend is approved by the shareholders in the annual general meeting.</p>
--	---

---

## Notes forming part of the financial statements (Contd.)

---

(All amounts are in ₹ million, unless otherwise stated)

(v)	<p>Contributed equity</p> <p>Equity shares are classified as equity.</p> <p>Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.</p>
(w)	<p>Earnings per share</p> <p>(i) Basic Earnings per share</p> <p>Basic earnings per share is calculated by dividing:</p> <ul style="list-style-type: none"><li>● the net profit for the period attributable to equity shareholders</li><li>● by the weighted average number of equity shares outstanding during the financial year.</li></ul> <p>Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.</p> <p>(ii) Diluted Earnings per share</p> <p>Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:</p> <ul style="list-style-type: none"><li>● the after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and</li><li>● the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.</li></ul>
(x)	<p>Rounding of amounts:</p> <p>Amounts disclosed in the financial statements are presented in INR in million rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013, unless otherwise stated.</p> <p><b>2. Significant accounting judgements, estimates and assumptions</b></p> <p>The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the company's accounting policies. Estimates and assumptions are continuously evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reliable and relevant under the circumstances. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Management believes that the estimates are the most likely outcome of future events. Detailed information about each of these estimates and judgements is described below.</p> <p>Judgements</p> <p>In the process of applying the Company's accounting policies, Management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:</p> <p>i. Legal contingencies</p> <p>The Company has received various orders and notices from tax authorities in respect of direct taxes and indirect taxes. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyzes current information about these matters and provides provisions for probable contingent losses including the estimate of legal expense to resolve the matters. In making the decision regarding the need for loss provisions, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the</p>

## Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

	<p>amount of loss. The filing of a suit or formal assertion of a claim against the Company or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.</p> <p>ii. Revenue Recognition on Contracts with Customers            Company generate revenue from sale of Pumps, valves and related support services. Company uses judgement with respect to accounting of multiple contracts which need to be combined and considered as single contract. The Company exercises judgement with respect to identifying contracts for which revenue need to be recognised point in time or over time, depending upon when customer consumes the benefit, when the control is passed to customer, whether asset created has an alternative use and whether the Company has right to payment for performance completed till date, either contractually or legally.</p> <p>iii. Ind AS 116 – Leases            In determining the lease term, management consider all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).</p> <p>For leases of offices and equipment's, the following factors are normally the most relevant:</p> <ul style="list-style-type: none"> <li>● If there are significant penalties to terminate (or not extend), the Company is reasonably certain to extend (or not terminate).</li> <li>● If any leasehold improvements are expected to have a significant remaining value, the Company is reasonably certain to extend (or not terminate).</li> <li>● The Company consider other factors including historical lease durations and the costs and business disruption required to replace the leased asset. Most extension options in offices and equipment leases have not been included in the lease liability, because the Company could replace the assets without significant cost or business disruption.</li> </ul> <p>The lease term is reassessed periodically whether an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.</p> <p>The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.</p> <p>Estimates and assumptions            The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.</p> <p>I. Warranty            The Company generally offers an 18 months warranty for its products, except for certain projects where the warranty offered may be higher to meet specific project requirements. Warranty costs are determined as a percentage of sales based on the past trends of the costs required to be incurred for repairs, replacements, material costs and servicing cost. Management estimates the related closing provision as at</p>
--	--



---

## Notes forming part of the financial statements (Contd.)

---

(All amounts are in ₹ million, unless otherwise stated)

	<p>Balance Sheet date for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past information may differ from future claims. The assumptions made in current period are consistent with those in the prior year. As the time value of money is not considered to be material, warranty provisions are not discounted. Refer note 18 for further information.</p> <p>ii. Gratuity</p> <p>The cost of the defined benefit gratuity plan and the present value of the gratuity 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, attrition rate, mortality rates and expected return on planned assets. 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 the year end. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on Indian Assured Lives Mortality (2012-14) Ultimate. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. For further details about gratuity obligations are given in note 31.</p> <p>iii. Recoverability of trade receivables</p> <p>Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment. Refer note 35(A) for further details.</p> <p>iv. Inventories</p> <p>An inventory provision is recognized for cases where the realizable value is estimated to be lower than the inventory carrying value. The inventory provision is estimated taking into account various factors, including prevailing sale prices of inventory item and losses associated with obsolete / slow moving / redundant inventory items. The Company has, based on these assessments, made adequate provision in the books.</p>
--	---

## Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### 3 Property, plant and equipment

	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Total
Gross carrying amount as at January 1, 2021	3.01	1,989.64	4,426.74	132.60	69.37	168.55	6,789.91
Additions	-	34.19	283.27	8.65	1.16	8.19	335.46
Disposals	-	(2.24)	(105.93)	(2.88)	(12.95)	(2.20)	(126.20)
Balance as at December 31, 2021	3.01	2,021.59	4,604.08	138.37	57.58	174.54	6,999.17
Accumulated depreciation as at January 1, 2021	-	771.84	2,849.30	111.53	55.15	94.56	3,882.38
Charge for the year (Refer note 27)	-	122.35	263.38	10.07	5.99	12.21	414.00
Disposals	-	(1.66)	(98.17)	(2.84)	(12.13)	(1.94)	(116.74)
Balance as at December 31, 2021	-	892.53	3,014.51	118.76	49.01	104.83	4,179.64
Net carrying amount as at December 31, 2021	3.01	1,129.06	1,589.57	19.61	8.57	69.71	2,819.53
	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Total
Gross carrying amount as at January 1, 2022	3.01	2,021.59	4,604.08	138.37	57.58	174.54	6,999.17
Additions	-	278.25	481.28	7.32	21.90	39.24	827.99
Disposals	-	(0.68)	(32.29)	(1.15)	(8.80)	(3.39)	(46.31)
Balance as at December 31, 2022	3.01	2,299.16	5,053.07	144.54	70.68	210.39	7,780.85
Accumulated depreciation as at January 1, 2022	-	892.53	3,014.51	118.76	49.01	104.83	4,179.64
Charge for the year (Refer note 27)	-	127.63	271.26	8.81	9.44	13.51	430.65
Disposals	-	(0.64)	(30.35)	(1.14)	(8.63)	(3.32)	(44.08)
Balance as at December 31, 2022	-	1,019.52	3,255.42	126.43	49.82	115.02	4,566.21
Net carrying amount as at December 31, 2022	3.01	1,279.64	1,797.65	18.11	20.86	95.37	3,214.64

## Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

Notes:

- (i) Refer to note 30 (c) for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- (ii) The Company has reduced the useful life of 'Plant and equipment' of Cast Iron Foundry on the basis of revised business plan effective from November 1, 2020. As a result, the accelerated depreciation of ₹ 18.18 million has been charged to the Statement of Profit and Loss during the year ended December 31, 2022 (December 31, 2021: ₹ 18.18 million).
- (iii) Capital work-in-progress mainly includes building under construction and plant and machinery in the process of installation.
- (iv) The additions to capital work-in-progress are net after considering the transfers to property, plant and equipment. Gross additions to capital work-in-progress and transfers to property, plant and equipment are as follows:

Particulars	Capital work-in-progress	
	As at December 31, 2022	As at December 31, 2021
Opening carrying value	391.76	251.00
Additions	665.76	475.06
Transfers to property, plant and equipment	(806.09)	(334.30)
Closing carrying value	<u>251.43</u>	<u>391.76</u>

### (a) Aging of Capital work-in-progress:

Particulars	As at December 31, 2021				Total
	Less than one year	1 – 2 years	2 – 3 years	More than 3 years	
(I) Projects in progress	348.96	41.31	0.82	0.67	391.76
(ii) Projects temporarily suspended	-	-	-	-	-
Total	<u>348.96</u>	<u>41.31</u>	<u>0.82</u>	<u>0.67</u>	<u>391.76</u>

Particulars	As at December 31, 2022				Total
	Less than one year	1 – 2 years	2 – 3 years	More than 3 years	
(i) Projects in progress	242.38	7.58	0.19	1.28	251.43
(ii) Projects temporarily suspended	-	-	-	-	-
Total	<u>242.38</u>	<u>7.58</u>	<u>0.19</u>	<u>1.28</u>	<u>251.43</u>

### (b) Completion schedule for capital work-in-progress whose completion is overdue or has exceeded its cost compared to its original plan:

Particulars	As at December 31, 2021				Total
	Less than one year	1 – 2 years	2 – 3 years	More than 3 years	
(i) Projects in progress	-	-	-	-	-
(ii) Projects temporarily suspended	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Particulars	As at December 31, 2022				Total
	Less than one year	1 – 2 years	2 – 3 years	More than 3 years	
(i) Projects in progress	-	-	-	-	-
(ii) Projects temporarily suspended	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

## Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### 4 Right-of-use assets

	Leasehold land	Buildings	Total
Gross carrying amount as at January 1, 2021	265.15	21.25	286.40
Additions	-	22.37	22.37
Disposals	-	(0.48)	(0.48)
Balance as at December 31, 2021	<u>265.15</u>	<u>43.14</u>	<u>308.29</u>
Accumulated depreciation as at January 1, 2021	17.01	6.47	23.48
Charge for the year (Refer note 27)	2.81	8.79	11.60
Disposals	-	(0.22)	(0.22)
Balance as at December 31, 2021	<u>19.82</u>	<u>15.04</u>	<u>34.86</u>
Net carrying amount as at December 31, 2021	<u>245.33</u>	<u>28.10</u>	<u>273.43</u>
	Leasehold land	Buildings	Total
Gross carrying amount as at January 1, 2022	265.15	43.14	308.29
Additions	-	9.06	9.06
Disposals	(0.06)	(1.82)	(1.88)
Balance as at December 31, 2022	<u>265.09</u>	<u>50.38</u>	<u>315.47</u>
Accumulated depreciation as at January 1, 2022	19.82	15.04	34.86
Charge for the year (Refer note 27)	2.81	9.74	12.55
Disposals	(0.02)	(1.00)	(1.02)
Balance as at December 31, 2022	<u>22.61</u>	<u>23.78</u>	<u>46.39</u>
Net carrying amount as at December 31, 2022	<u>242.48</u>	<u>26.60</u>	<u>269.08</u>

#### Details of Leases :

The Company's leasing arrangements include land and, building for office premises and service stations. Leasehold land mainly pertains to manufacturing plant located at Shirwal. Rental contracts for office premises and service stations are typically made for fixed periods of 3 to 15 years, but have extension options.

#### (i) Amount recognised in the Statement of Profit and Loss

	Note	December 31, 2022	December 31, 2021
Interest expense on lease liabilities	26	2.87	2.71
Depreciation on right-of-use assets	27	12.55	11.60
Expenses related to short term leases (included in Miscellaneous expenses in Other expenses)	28	3.16	1.29

The total cash outflow for the year ended December 31, 2022 for leases is ₹ 15.29 million (December 31, 2021: ₹ 11.94 million).

#### (ii) Extension and Termination option :

Extension and termination options are included in a number of lease contracts. These terms are used to maximise operational flexibility in terms of managing contracts.

## Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### 5 Other Intangible assets

	Copyrights, patents and other intellectual property rights, services and operating rights	Computer Software	Total
Gross carrying amount as at January 1, 2021	59.26	95.79	155.05
Additions	-	10.25	10.25
Disposals	(59.26)	(0.12)	(59.38)
Balance as at December 31, 2021	-	105.92	105.92
Accumulated Amortisation			
Balance as at January 1, 2021	57.71	83.63	141.34
Charge for the year (Refer note 27)	0.74	9.00	9.74
Disposals	(58.45)	(0.12)	(58.57)
Balance as at December 31, 2021	-	92.51	92.51
Net carrying amount as at December 31, 2021	-	13.41	13.41
	Copyrights, patents and other intellectual property rights, services and operating rights	Computer Software	Total
Gross carrying amount as at January 1, 2022	-	105.92	105.92
Additions	-	13.05	13.05
Balance as at December 31, 2022	-	118.97	118.97
Accumulated Amortisation			
Balance as at January 1, 2022	-	92.51	92.51
Charge for the year (Refer note 27)	-	9.41	9.41
Balance as at December 31, 2022	-	101.92	101.92
Net carrying amount as at December 31, 2022	-	17.05	17.05

### 6 (a) Investments

	As at December 31, 2022	As at December 31, 2021
Investment in subsidiary		
Pofran Sales & Agency Ltd. - 5000 equity shares (December 31, 2021 - 5000 equity shares) of ₹ 100 each fully paid	0.50	0.50
Investment in associate		
KSB MIL Controls Ltd. - 735,000 equity shares (December 31, 2021 - 735,000 equity shares) of ₹ 10 each fully paid	62.65	62.65
Investment in equity instruments of other entities		
Mula Pravara Electric Co - operative Society Ltd. - 15,995 equity shares (December 31, 2021 - 15,995 equity shares) of ₹ 25 each fully paid	0.40	0.40
Total (unquoted investments)	63.55	63.55
Less : Aggregate amount of provision for impairment in the value of investments	(0.40)	(0.40)
Total Investments	63.15	63.15

## Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### 6 (b) Loans

		As at December 31, 2022	As at December 31, 2021
Non-current			
Unsecured, considered good			
Loans to employees		91.19	83.57
	Total	<u>91.19</u>	<u>83.57</u>
Current			
Unsecured, considered good			
Loans and advances to employees		39.34	27.08
	Total	<u>39.34</u>	<u>27.08</u>

### 7 Trade receivables

		As at December 31, 2022	As at December 31, 2021
Trade receivables		3,818.04	2,865.45
Trade receivables from related parties (Refer note 32)		525.73	312.95
		4,343.77	3,178.40
Less: Loss allowance		(209.00)	(253.21)
	Total	<u>4,134.77</u>	<u>2,925.19</u>
Current portion		4,036.53	2,779.83
Non-current portion		98.24	145.36
Break-up of security details			
		As at December 31, 2022	As at December 31, 2021
Trade receivables considered good - Unsecured		4,134.77	2,925.19
Trade receivables - credit impaired		209.00	253.21
		4,343.77	3,178.40
Less: Loss allowance		(209.00)	(253.21)
	Total	<u>4,134.77</u>	<u>2,925.19</u>

## Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### Aging of trade receivables

	As at December 31, 2021						
	Not due	Outstanding for following periods from the due date					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables considered good	1,372.07	829.52	275.96	277.55	132.54	37.55	2,925.19
which have significant increase in credit risk	-	-	-	-	-	-	-
credit impaired	-	1.17	23.21	61.42	21.40	101.66	208.86
Disputed trade receivables considered good	-	-	-	-	-	-	-
which have significant increase in credit risk	-	-	-	-	-	-	-
credit impaired	-	-	0.60	13.75	-	30.00	44.35
<b>Total</b>	<b>1,372.07</b>	<b>830.69</b>	<b>299.77</b>	<b>352.72</b>	<b>153.94</b>	<b>169.21</b>	<b>3,178.40</b>

	As at December 31, 2022						
	Not due	Outstanding for following periods from the due date					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables considered good	1,375.78	2,171.40	257.31	130.89	66.39	133.00	4,134.77
which have significant increase in credit risk	-	-	-	-	-	-	-
credit impaired	-	80.95	4.00	13.69	12.12	51.71	162.47
Disputed trade receivables considered good	-	-	-	-	-	-	-
which have significant increase in credit risk	-	-	-	-	-	-	-
credit impaired	-	-	-	2.96	14.23	29.34	46.53
<b>Total</b>	<b>1,375.78</b>	<b>2,252.35</b>	<b>261.31</b>	<b>147.54</b>	<b>92.74</b>	<b>214.05</b>	<b>4,343.77</b>

### 8 (a) Cash and cash equivalents

	As at December 31, 2022	As at December 31, 2021
Balances with banks		
In current accounts	135.23	96.54
In EEFC accounts	143.68	184.04
Deposits with original maturity of less than three months	40.00	284.30
Cash on hand	0.43	0.51
<b>Total</b>	<b>319.34</b>	<b>565.39</b>



## Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### 8 (b) Bank balances other than 8 (a) above

	As at December 31, 2022	As at December 31, 2021
Balances with banks		
Fixed deposits*	2,283.58	2,973.27
In earmarked accounts		
Unpaid dividend accounts	6.95	6.38
Total	<u>2,290.53</u>	<u>2,979.65</u>

\*Includes ₹ 1,018.91 million (December 31, 2021: ₹ 1,137.88 million) held as lien by bank against credit facilities.

### 9 Other financial assets

Non-current		As at December 31, 2022	As at December 31, 2021
Unsecured, considered good			
Security deposits		46.33	38.70
Unsecured, considered doubtful			
Security deposits		5.30	5.30
		51.63	44.00
Less: Provision for doubtful security deposits		(5.30)	(5.30)
Total		<u>46.33</u>	<u>38.70</u>
Current		As at December 31, 2022	As at December 31, 2021
Interest accrued on deposits with banks		89.94	100.28
Derivative asset		-	0.96
Total		<u>89.94</u>	<u>101.24</u>

### 10 Inventories

	As at December 31, 2022	As at December 31, 2021
Raw materials (includes in transit ₹ 132.14 million; December 31, 2021: ₹ 84.79 million)	1,671.97	1,052.21
Work-in-progress	2,797.47	2,197.82
Finished goods (includes in transit ₹ 255.97 million; December 31, 2021: ₹ 131.19 million)	867.69	746.42
Stock-in-trade	192.89	163.76
Stores and spares	74.38	62.32
Loose tools	6.49	8.31
Total	<u>5,610.89</u>	<u>4,230.84</u>

The cost of inventories recognised as an expense during the year is disclosed in Note 22, 23 and 24. The cost of inventories recognised as an expense include write-down of inventories of ₹ 120.51 million (December 31, 2021: ₹ 55.44 million) and reversal of write-down of inventories of ₹ 174.21 million (December 31, 2021: ₹ 46.10 million).

## Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### 11. Other non-current assets

	As at December 31, 2022	As at December 31, 2021
Capital advances	366.31	12.77
Advances other than capital advances		
Prepaid expenses	4.28	1.54
Balances with government authorities		
Considered good	199.07	200.28
Considered doubtful	3.28	4.49
	<u>202.35</u>	<u>204.77</u>
Less: Provision for doubtful balances	(3.28)	(4.49)
	<u>199.07</u>	<u>200.28</u>
Total	<u><u>569.66</u></u>	<u><u>214.59</u></u>

### 12 Other current assets

	As at December 31, 2022	As at December 31, 2021
Prepaid expenses	17.79	10.90
Advances to related parties (Refer note 32)	-	3.88
Balances with government authorities - current		
Considered good	49.09	141.13
Considered doubtful	28.65	28.65
	<u>77.74</u>	<u>169.78</u>
Less: Provision for doubtful balances	(28.65)	(28.65)
	<u>49.09</u>	<u>141.13</u>
Others*		
Considered good	284.46	362.03
Considered doubtful	11.59	11.59
	<u>296.05</u>	<u>373.62</u>
Less: Provision for doubtful balances	(11.59)	(11.59)
	<u>284.46</u>	<u>362.03</u>
Total	<u><u>351.34</u></u>	<u><u>517.94</u></u>

\*Others include export incentives receivable, advances paid to suppliers which would be subsequently settled against purchases.

### 13(a) Deferred tax assets (net)

The balance of deferred tax comprises temporary differences attributable to:

	As at December 31, 2022	As at December 31, 2021
Deferred tax assets		
Provision for compensated absences, gratuity, superannuation and long service award	106.37	147.33
Provision for loss allowance and doubtful advances	64.98	76.42
Fair value loss on derivative instruments	0.55	-
Others (including allowances on payment basis)	74.66	79.47
	<u>246.56</u>	<u>303.22</u>
Deferred tax liabilities		
Impact of difference between income tax depreciation and Ind AS depreciation/amortisation	79.71	83.26
Fair value gain on derivative instruments	-	0.24
	<u>79.71</u>	<u>83.50</u>
Deferred tax assets (net)	<u><u>166.85</u></u>	<u><u>219.72</u></u>

## Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### 13(a) Deferred tax assets (net) (continued)

Changes in Deferred tax assets/ (liabilities) in Statement of Profit and Loss including Other Comprehensive Income [ credited / (charged) during the year ]

	Year ended December 31, 2022	Year ended December 31, 2021
Provision for compensated absences, gratuity, superannuation and long service award	(40.96)	19.98
Provision for loss allowance and doubtful advances	(11.44)	4.20
Impact of difference between income tax depreciation and Ind AS depreciation/amortisation	3.55	12.62
Fair value of derivative instruments	0.79	1.42
Others	(4.81)	13.36
Total	<u>(52.87)</u>	<u>51.58</u>

### 13(b) Income Taxes

The major components of income tax expense for the year ended December 31, 2022 and December 31, 2021 are:

Statement of Profit and Loss

	Year ended December 31, 2022	Year ended December 31, 2021
Current income tax		
- Current tax on profit for the current year	533.63	561.03
- Adjustments for current tax of prior periods	4.88	(0.53)
	<u>538.51</u>	<u>560.50</u>
Deferred tax	75.66	(53.73)
Total tax expense reported in the Statement of Profit and Loss	<u>614.17</u>	<u>506.77</u>

Other comprehensive income

	Year ended December 31, 2022	Year ended December 31, 2021
Deferred tax relating to remeasurement of post employment benefit obligations	22.79	(2.15)
Income tax credit to Other comprehensive income	<u>22.79</u>	<u>(2.15)</u>

Movement in income tax liabilities/ (assets) (net)

	As at December 31, 2022	As at December 31, 2021
Opening balance [payable/ (receivable)]	(143.34)	58.74
Add : Current tax payable (including tax for prior period)	538.51	560.50
Less : Taxes paid (including tax paid for prior period, net of refunds)	(604.35)	(762.58)
Closing balance [payable/ (receivable)]	<u>(209.18)</u>	<u>(143.34)</u>
Assets for current tax (net)	(209.18)	(160.98)
Current tax liabilities (net)	-	17.64

## Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

Reconciliation of tax expense and accounting profit multiplied by statutory income tax rate :

	Year ended December 31, 2022	Year ended December 31, 2021
Accounting profit before tax	2,406.86	1,972.79
Tax at statutory income tax rate of 25.17% (2021: 25.17%)	605.76	496.55
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
- Dividend Income	(8.14)	-
- Donations	7.71	6.66
- Other items	3.96	4.09
Adjustments for current-tax of prior periods	4.88	(0.53)
Income tax expense	<u>614.17</u>	<u>506.77</u>

### 14 (a) Equity share capital

	As at December 31, 2022	As at December 31, 2021
Authorised equity share capital :		
4,00,00,000 (December 31, 2021 : 4,00,00,000)		
Equity shares of ₹ 10 each	<u>400.00</u>	<u>400.00</u>
Total	<u>400.00</u>	<u>400.00</u>
Issued, subscribed and paid up :		
3,48,07,844 (December 31, 2021 : 3,48,07,844)		
Equity shares of ₹ 10 each	<u>348.08</u>	<u>348.08</u>
Total	<u>348.08</u>	<u>348.08</u>

#### (i) Reconciliation of number of equity shares

	As at December 31, 2022	As at December 31, 2021
Shares outstanding at the beginning and end of the year	3,48,07,844	3,48,07,844

#### (ii) Rights, preferences and restrictions attached to equity shares

The company has only one class of shares referred to as equity shares having a face value of ₹ 10 per share. Each equity shareholder is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation of the Company, the equity shareholders 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.

#### (iii) Shares of the Company held by Ultimate Holding Company / Holding Company and/ or their Subsidiaries/ Associates

	As at December 31, 2022	As at December 31, 2021
Canadian Kay Pump Ltd. (Holding Company)	1,41,10,848	1,41,10,848

## Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

- (iv) Details of equity shares held by shareholders holding more than 5% of the aggregate equity shares in the Company

Name of the shareholder	As at December 31, 2022		As at December 31, 2021	
	% holding	No. of shares	% holding	No. of shares
Canadian Kay Pump Ltd.	40.54%	1,41,10,848	40.54%	1,41,10,848
Industrial & Prudential Investment Co. Ltd.	21.55%	75,00,000	20.80%	72,40,000

- (v) Details of shareholding of promoters:

Name of the shareholder	Year ended December 31, 2022			Year ended December 31, 2021		
	No. of shares	% holding	% change during the year	No. of shares	% holding	% change during the year
Canadian Kay Pump Ltd.	1,41,10,848	40.54%	-	1,41,10,848	40.54%	-
Vikram Swarup Family Trust	60,400	0.17%	-	60,400	0.17%	-
Vikram Swarup	40,000	0.11%	-	40,000	0.11%	-
Gaurav Swarup	34,000	0.10%	-	34,000	0.10%	-
Bindu Vikram Swarup	16,000	0.05%	-	16,000	0.05%	-
Parul Swarup	3,058	0.01%	-	3,058	0.01%	-
Paharpur Cooling Towers Limited	14,50,000	4.17%	-	14,50,000	4.17%	-
New Holding And Trading Co Ltd	-	0.00%	-0.75%	2,60,000	0.75%	-
Industrial & Prudential Investment Co. Ltd.	75,00,000	21.55%	0.75%	72,40,000	20.80%	0.29%

- (vi) There were neither shares bought back nor allotted either as fully paid bonus shares or under any contract without payment being received in cash, during the five years immediately preceding December 31, 2022.

### 14 (b) Other equity

- (i) Retained earnings

	As at December 31, 2022	As at December 31, 2021
Opening balance	8,204.25	7,027.71
Profit for the year	1,792.69	1,466.02
	<u>9,996.94</u>	<u>8,493.73</u>
Items of other comprehensive income recognised directly in retained earnings		
Remeasurement of post-employment benefit obligations (net of tax)	(67.77)	6.39
Less: Dividend paid	(435.10)	(295.87)
Closing Balance	<u>9,494.07</u>	<u>8,204.25</u>
Total Retained earnings	<u>9,494.07</u>	<u>8,204.25</u>

## Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### (ii) Other reserves

	As at December 31, 2022	As at December 31, 2021
Capital reserve [Refer note (i) below]	0.09	0.09
Capital redemption reserve [Refer note (i) below]	0.10	0.10
Securities premium [Refer note (i) below]	3.20	3.20
General reserve [Refer note (ii) below]	1,085.08	1,085.08
Amalgamation reserve [Refer note (i) below]	0.06	0.06
Total Other reserves	<u>1,088.53</u>	<u>1,088.53</u>
Total Other equity	<u>10,582.60</u>	<u>9,292.78</u>

Nature and purpose of Other reserves:

- (i) These reserves pertain to reserve arising on amalgamations in the past, which is required to be statutorily maintained and cannot be distributed to the shareholders.
- (ii) This reserve represents amounts transferred from retained earnings in earlier years as per the requirements of the erstwhile Companies Act, 1956. The reserve is a free reserve.

### 15 Lease liabilities

	As at December 31, 2022	As at December 31, 2021
Non-current lease liabilities	19.51	20.34
Current lease liabilities	9.31	9.55
Total	<u>28.82</u>	<u>29.89</u>

### 16 Trade payables

	As at December 31, 2022	As at December 31, 2021
Total outstanding dues of micro enterprises and small enterprises	482.97	212.05
	<u>482.97</u>	<u>212.05</u>
Total outstanding dues of creditors other than micro enterprises and small enterprises		
(i) Related parties (Refer note 32)	479.95	718.16
(ii) Others	2,179.70	1,861.29
	<u>2,659.65</u>	<u>2,579.45</u>
Total	<u>3,142.62</u>	<u>2,791.50</u>

### Aging of trade payables

	As at December 31, 2021						
	Unbilled	Not due	Outstanding for following periods from the due date				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade payables							
Micro enterprises and small enterprises	-	171.84	40.21	-	-	-	212.05
Others	697.45	992.05	680.66	101.11	15.60	65.51	2,552.38
Disputed trade payables							
Micro enterprises and small enterprises	-	-	-	-	-	-	-
Others	-	-	-	0.58	-	26.49	27.07
Total	<u>697.45</u>	<u>1,163.89</u>	<u>720.87</u>	<u>101.69</u>	<u>15.60</u>	<u>92.00</u>	<u>2,791.50</u>

## Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

	As at December 31, 2022						
	Unbilled	Not due	Outstanding for following periods from the due date				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade payables							
Micro enterprises and small enterprises	-	364.90	118.07	-	-	-	482.97
Others	688.24	1,082.45	750.54	38.26	39.91	33.18	2,632.58
Disputed trade payables							
Micro enterprises and small enterprises	-	-	-	-	-	-	-
Others	-	-	-	-	0.58	26.49	27.07
<b>Total</b>	<b>688.24</b>	<b>1,447.35</b>	<b>868.61</b>	<b>38.26</b>	<b>40.49</b>	<b>59.67</b>	<b>3,142.62</b>

Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The information as required to be disclosed under MSMED Act has been determined to the extent such parties have been identified on the basis of information available with the Company.

Sr. No.	Particulars	December 31, 2022	December 31, 2021
a)	i) The principal amount remaining unpaid to any supplier as at the year end	482.35	200.67
	ii) The interest due remaining unpaid to any supplier as at the year end	0.53	0.21
b)	The amount of interest paid under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year	27.43	-
c)	The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	9.04
d)	The amount of interest accrued and remaining unpaid as at the year end	0.62	11.38
e)	The amount of further interest due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the MSMED Act, 2006	-	-

### 17 Other financial liabilities-current

	As at December 31, 2022	As at December 31, 2021
Security deposits	111.56	114.33
Unclaimed dividend	6.95	6.38
Payable for purchase of property, plant and equipment	174.91	189.86
Derivative liability	2.18	-
Dealer incentive schemes	298.36	392.46
Payable to employees	139.93	121.12
Other financial liabilities	-	3.00
<b>Total</b>	<b>733.89</b>	<b>827.15</b>

## Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### 18(a) Provisions Non-current

	As at December 31, 2022	As at December 31, 2021
Provision for employee benefits (Refer note 31)	355.93	482.60
Provision for warranty [Refer note (ii) below]	77.17	34.07
Total	<u>433.10</u>	<u>516.67</u>

### 18(b) Provisions - Current

	As at December 31, 2022	As at December 31, 2021
Provision for employee benefits [Refer note (i) below]	312.46	281.55
Provision for warranty [Refer note (ii) below]	50.55	119.54
Provision for litigations / contingencies [Refer note (iii) below]	139.93	139.66
Total	<u>502.94</u>	<u>540.75</u>

Notes:

- (i) Includes provision for employee bonus and incentives. For details of gratuity, superannuation, compensated absences and long service award, refer note 31.
- (ii) The Company offers warranty for its products. Provision for warranty is computed as a percentage of sales based on the past trends observed. The time value of money is considered to be not material and hence the provisions are not discounted. It is expected that this expenditure will be incurred over the contractual warranty period.
- (iii) Provision is towards contingencies in respect of disputed claims against the Company, the quantum of outflow and timing of which is presently unascertainable.

Movement in provisions

	Provision for warranty	Provision for litigations/ contingencies
As at January 1, 2021		
Balance at the beginning	121.73	138.22
Charged to the Statement of Profit and Loss		
Provision recognised (net of reversal)	80.19	1.80
Amounts used during the year	(48.31)	(0.36)
As at December 31, 2021	<u>153.61</u>	<u>139.66</u>
	Provision for warranty	Provision for litigations/ contingencies
As at January 1, 2022		
Balance at the beginning	153.61	139.66
Charged to the Statement of Profit and Loss		
Provision recognised (net of reversal)	32.81	0.27
Amounts used during the year	(58.70)	-
As at December 31, 2022	<u>127.72</u>	<u>139.93</u>



## Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### 19 Other current liabilities

	As at December 31, 2022	As at December 31, 2021
Statutory dues payable	49.99	25.75
Advances from customers*	1,912.67	1,235.96
Total	<u>1,962.66</u>	<u>1,261.71</u>

\*Notes:

- i) During the year ended December 31, 2022, the Company have recognised ₹ 359.97 million (December 31, 2021: ₹ 346.21 million) as revenue from the Advances from customer outstanding as at the beginning of the year.
- ii) Advances from customers have increased in current year mainly on account of advance received during the year ended December 31, 2022 as per the contractual terms with customers.

### 20 Revenue from operations

	Year ended December 31, 2022	Year ended December 31, 2021
Revenue from contracts with customers		
Sale of products	17,870.54	14,660.14
Sale of services	212.16	150.44
	<u>18,082.70</u>	<u>14,810.58</u>
Other operating revenue		
Sale of scrap	67.54	54.19
Export incentives	69.36	108.14
	<u>136.90</u>	<u>162.33</u>
Revenue from operations	<u>18,219.60</u>	<u>14,972.91</u>

Notes:

- (i) Disaggregated revenue information

The table below presents disaggregated revenue from contracts with customers for the year ended December 31, 2022 and December 31, 2021. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors.

Geographical location of customer	Year ended December 31, 2022	Year ended December 31, 2021
Within India	15,531.70	11,785.04
Outside India	2,551.00	3,025.54
Revenue from contracts with customers	<u>18,082.70</u>	<u>14,810.58</u>

## Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

Segment	Year ended December 31, 2022	Year ended December 31, 2021
Pumps	15,105.12	12,474.16
Valves	2,977.58	2,336.42
Revenue from contracts with customers	18,082.70	14,810.58

(ii) Reconciliation of revenue recognized with contract price :	Year ended December 31, 2022	Year ended December 31, 2021
Contract price	18,394.03	15,244.25
Adjustments for discounts, incentives, liquidated damages, price reductions	(311.33)	(433.67)
Revenue from contracts with customers	18,082.70	14,810.58

**21 Other income**

	Year ended December 31, 2022	Year ended December 31, 2021
Interest income		
- Interest income from financials assets measured at amortised cost	152.53	179.73
- Others	41.27	16.03
Dividend income from associate	32.34	26.83
Sundry credit balances and provisions no longer required, written back	14.42	3.77
Net gain on disposal of property, plant and equipment	13.49	-
Net gain on foreign currency transactions and translations	120.52	83.82
Miscellaneous income	79.61	53.59
Total	454.18	363.77

**22 Cost of materials consumed**

	Year ended December 31, 2022	Year ended December 31, 2021
Opening stock of raw materials	1,052.21	1,093.20
Add: Purchases	9,562.09	7,171.56
Less: Closing stock of raw materials	1,671.97	1,052.21
Total	8,942.33	7,212.55

**23 Purchases of stock-in-trade**

	Year ended December 31, 2022	Year ended December 31, 2021
Purchases of stock-in-trade	1,687.73	1,353.31
Total	1,687.73	1,353.31

## Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### 24 Changes in inventories of finished goods, work-in-progress and stock-in-trade

	Year ended December 31, 2022	Year ended December 31, 2021
Opening inventory		
- Finished goods	746.42	641.92
- Work-in-progress	2,197.82	1,721.82
- Stock-in-trade	163.76	102.65
	3,108.00	2,466.39
Less: Closing inventory		
- Finished goods	867.69	746.42
- Work-in-progress	2,797.47	2,197.82
- Stock-in-trade	192.89	163.76
	3,858.05	3,108.00
Net change in inventories	(750.05)	(641.61)

### 25 Employee benefit expense

	Year ended December 31, 2022	Year ended December 31, 2021
Salaries and wages	2,094.99	1,892.66
Contributions to provident and other funds	160.51	131.41
Staff welfare expenses	183.47	129.68
Total	2,438.97	2,153.75

### 26 Finance costs

	Year ended December 31, 2022	Year ended December 31, 2021
Interest on borrowings	41.11	32.55
Interest expense on lease liabilities (Refer note 4)	2.87	2.71
Net interest expense on defined benefit obligations (Refer note 31)	17.28	15.14
Total	61.26	50.40

### 27 Depreciation and amortisation expense

	Year ended December 31, 2022	Year ended December 31, 2021
Depreciation of property, plant and equipment (Refer note 3)	430.65	414.00
Depreciation of right-of-use assets (Refer note 4)	12.55	11.60
Amortisation of intangible assets (Refer note 5)	9.41	9.74
Total	452.61	435.34

## Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### 28 Other expenses

	Year ended December 31, 2022	Year ended December 31, 2021
Processing and machining charges	866.20	680.00
Stores consumed	408.02	285.85
Tools consumed	50.86	73.60
Water, power and fuel	247.82	215.01
Rates and taxes	2.95	35.69
Insurance	35.98	31.54
Repairs and maintenance		
- Buildings	50.09	53.31
- Machinery	56.71	55.80
- Others	69.16	54.76
Travelling and conveyance	140.80	58.65
Packing and forwarding charges	421.38	321.84
(Net of recoveries - ₹ 27.29 million; December 31, 2021 - ₹ 27.20 million)		
Export selling agents	1.19	40.26
Other selling agents	22.84	11.48
Royalty charges	324.39	216.82
Expenditure on Corporate Social Responsibility [Refer note (i) below]	32.62	26.46
Fair value losses in derivative financial instruments	3.14	5.64
Legal and professional fees	50.67	29.97
Net loss on disposal of property, plant and equipment	-	3.69
Other computer services	45.15	147.82
Advertisements and catalogues	87.58	9.26
Miscellaneous expenses	516.52	442.70
Total	3,434.07	2,800.15

#### (i) Expenditure on Corporate Social Responsibility

	December 31, 2022	December 31, 2021
Contribution to KSB Care Charitable Trust	32.62	26.46
Expenditure towards other CSR activities	-	-
Total	32.62	26.46
Gross amount required to be spent by the Company during the year	32.62	26.46
Total	32.62	26.46

Amount spent during the year on :

	In cash	
	December 31, 2022	December 31, 2021
a. Construction / acquisition of any asset	-	-
b. On purposes other than (a) above	32.62	26.46
Total	32.62	26.46

Nature of CSR activities - Education, Skill development, Healthcare, Destitute care, Environment, Sanitation.

## Notes forming part of the financial statements (contd.)

(All amounts are in ₹ million, unless otherwise stated)

### (ii) Payment to auditors (included in legal and professional fees)

	Year ended December 31, 2022	Year ended December 31, 2021
As auditor	2.90	2.81
Audit fee (Including limited review and audit of consolidated financial statements)		
In Other Capacities		
Fees for other services	0.80	0.90
Reimbursement of expenses	0.04	0.06
Total	3.74	3.77

### 29 Earnings per equity share

	Year ended December 31, 2022	Year ended December 31, 2021
Profit for the year attributable to the equity shareholders of the Company	1,792.69	1,466.02
Weighted average number of equity shares	3,48,07,844	3,48,07,844
Basic and Diluted Earnings per share (in ₹)	51.50	42.12

### 30 Contingencies and commitments

a) Contingent liabilities	Year ended December 31, 2022	Year ended December 31, 2021
Claims against the Company not acknowledged as debts	96.13	83.51
Income tax	548.71	3.21
Goods and Services Tax, Excise and Service tax	1,120.51	1,097.93
Total	1,765.35	1,184.65

b) The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Company towards Provident Fund and Gratuity. The draft rules for the Code on Social Security, 2020 have been released by the Ministry of Labour and Employment on November 13, 2020. The Company is in the process of assessing the additional impact on Provident Fund contributions and on Gratuity liability contributions and will complete their evaluation and give appropriate impact in the financial statements in the period in which the rules are notified become effective.

#### c) Capital commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is ₹ 475.22 million (December 31, 2021: ₹ 173.66 million).

## Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### 31 Employee benefit obligations

	As at December 31, 2022	As at December 31, 2021
Compensated absences (Refer note B)	304.80	262.30
Non-current	245.61	225.90
Current	59.19	36.40
Long service award (Refer note C)	51.09	50.74
Non-current	23.88	36.05
Current	27.21	14.69
Gratuity (Refer note D)	100.37	248.21
Non-current	71.51	199.60
Current	28.86	48.61
Superannuation (Refer note E)	17.46	24.14
Non-current	14.93	21.05
Current	2.53	3.09

#### A Defined contribution plan

Contributions are made to provident fund at a fixed percentage of employee's salary as per the regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the year towards contribution to provident fund is ₹ 96.85 million (December 31, 2021 - ₹ 82.60 million).

#### B Compensated absences

The leave obligations cover the Company's liability for privilege leave and sick leave. The amount of provision made during the year is ₹ 82.93 million (December 31, 2021 - ₹ 42.61 million). The Company does not have an unconditional right to defer settlement for any of these obligations. However, based on the past experience, the Company does not expect payment of the entire amount of accrued leaves or availment of the entire number of accrued leaves by employees within twelve months and accordingly, amounts have been classified as current and non-current.

#### C Long service award

The Company award all the employees who complete 25 years of service in the Company and the Workmen employees who complete 20 or more years of service in the Company but unable to complete 25 years due to superannuation. The amount of provision made during the year is ₹ 14.75 million (December 31, 2021 - ₹ 50.74).

#### Significant estimates

The significant actuarial assumptions were as follows :

	As at December 31, 2022	As at December 31, 2021
Discount rate	7.30%	6.35%
Gold Inflation rate	8.00%	5.00%
Attrition rate	7.00%	7.00%

#### D Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employee's last drawn basic salary per month computed proportionately for 15 days to one month's salary multiplied for the number of years of service. The gratuity plan is a funded plan.

## Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

(I) The amounts recognised in balance sheet and movements in the net benefit obligation over the year are as follows:

	Present value of obligation	Fair value of plan assets	Net amount
January 1, 2021	756.58	(533.93)	222.65
Current service cost	46.94	-	46.94
Interest expense/(income)	45.36	(32.01)	13.35
Total amount recognised in Statement of Profit and Loss	92.30	(32.01)	60.29
Return on plan assets	-	(2.66)	(2.66)
(Gain)/loss from experience changes	12.90	-	12.90
(Gain)/loss from change in financial assumptions	(16.35)	-	(16.35)
Total amount recognised in Other Comprehensive Income	(3.45)	(2.66)	(6.11)
Employer contributions	-	(3.15)	(3.15)
Benefits paid	(48.61)	23.14	(25.47)
December 31, 2021	796.82	(548.61)	248.21

Particulars	Present value of obligation	Fair value of plan assets	Net amount
January 1, 2022	796.82	(548.61)	248.21
Current service cost	59.05	-	59.05
Interest expense/(income)	50.56	(34.82)	15.74
Total amount recognised in Statement of Profit and Loss	109.61	(34.82)	74.79
Return on plan assets	-	-	-
(Gain)/loss from experience changes	143.71	-	143.71
(Gain)/loss from change in financial assumptions	(51.66)	-	(51.66)
Total amount recognised in Other Comprehensive Income	92.05	-	92.05
Employer contributions	-	(314.68)	(314.68)
Benefits paid	(58.31)	58.31	-
December 31, 2022	940.17	(839.80)	100.37

(II) The net liability disclosed above relates to funded plans are as follows :

	As at December 31, 2022	As at December 31, 2021
Present value of funded obligation	940.17	796.82
Fair value of plan assets	(839.80)	(548.61)
Deficit	100.37	248.21

(III) Significant estimates

The significant actuarial assumptions were as follows :

	As at December 31, 2022	As at December 31, 2021
Discount rate	7.30%	6.35%
Salary growth rate	7.50%	7.50%
Attrition rate	7.00%	7.00%

## Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

(IV) Sensitivity of actuarial assumptions

The sensitivity of defined benefit obligation to changes in the weighted principal assumptions is:

Assumption	Impact on defined benefit obligation [Increase / (Decrease)]	
	As at December 31, 2022	As at December 31, 2021
Discount rate		
1 % increase	(49.37)	(43.68)
1% decrease	54.60	48.44
Future salary increase		
1 % increase	56.69	51.53
1% decrease	(54.02)	(47.78)
Attrition rate		
1 % increase	(2.07)	(4.80)
1 % decrease	2.74	3.57

The above sensitivity analysis have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method is used to calculate the liability recognised in the Balance Sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

Projected benefits payable from the fund in future years from the date of reporting:

	As at December 31, 2022	As at December 31, 2021
Upto 1 year	102.29	90.57
Between 2 to 5 years	445.31	348.84
Between 6 to 10 years	527.36	427.45
More than 10 years	451.06	357.13
<b>Total</b>	<b>1,526.02</b>	<b>1,223.99</b>

The weighted average duration of the defined benefit obligation is 6 years. (December 31, 2021: 6 years)

(V) The major categories of plan assets are as follows:

	As at December 31, 2022	As at December 31, 2021
Funds managed by insurer	100%	100%

E Superannuation

The Company provides for superannuation for employees qualifying specified eligibility criteria. The amount of superannuation payable on retirement/termination is computed on the basis of employee's category and number of years of service. The superannuation plan is a funded plan.



## Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

- (I) The amounts recognised in balance sheet and movements in the net benefit obligation over the year are as follows :

	Present value of obligation	Fair value of plan assets	Net amount
January 1, 2021	32.34	(2.51)	29.83
Current service cost	1.75	-	1.75
Interest expense/(income)	1.94	(0.15)	1.79
Total amount recognised in Statement of Profit and Loss	3.69	(0.15)	3.54
Return on plan assets	-	(0.02)	(0.02)
(Gain)/loss from experience changes	(1.94)	-	(1.94)
(Gain)/loss from change in financial assumptions	(0.47)	-	(0.47)
Total amount recognised in Other Comprehensive Income	(2.41)	(0.02)	(2.43)
Employer contributions	-	(6.80)	(6.80)
Benefits paid	(3.26)	3.26	-
December 31, 2021	30.36	(6.22)	24.14
	Present value of obligation	Fair value of plan assets	Net amount
January 1, 2022	30.36	(6.22)	24.14
Current service cost	1.77	-	1.77
Interest expense/(income)	1.93	(0.39)	1.54
Total amount recognised in Statement of Profit and Loss	3.70	(0.39)	3.31
Return on plan assets	-	-	-
(Gain)/loss from experience changes	(0.24)	-	(0.24)
(Gain)/loss from change in financial assumptions	(1.25)	-	(1.25)
Total amount recognised in Other Comprehensive Income	(1.49)	-	(1.49)
Employer contributions	-	(8.50)	(8.50)
Benefits paid	(3.85)	3.85	-
December 31, 2022	28.72	(11.26)	17.46

- (II) The net liability disclosed above relates to funded plans are as follows :

	As at December 31, 2022	As at December 31, 2021
Present value of funded obligation	28.72	30.36
Fair value of plan assets	(11.26)	(6.22)
Deficit	17.46	24.14

- (III) Significant estimates  
The significant actuarial assumptions were as follows:

	As at December 31, 2022	As at December 31, 2021
Discount rate	7.30%	6.35%
Attrition rate	7.00%	7.00%

## Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

(IV) Sensitivity of actuarial assumptions

The sensitivity of defined benefit obligation to changes in the weighted principal assumptions is:

Assumption	Impact on defined benefit obligation [Increase/Decrease]	
	As at December 31, 2022	As at December 31, 2021
Discount rate		
1 % increase	(1.22)	(1.28)
1 % decrease	1.32	1.39
Attrition rate		
1 % increase	(0.32)	(0.26)
1 % decrease	0.26	0.33

The above sensitivity analysis have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method is used to calculate the liability recognised in the Balance Sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

Projected benefits payable from the fund in future years:

	As at December 31, 2022	As at December 31, 2021
Upto 1 year	6.46	9.31
Between 2 to 5 years	15.69	14.70
Between 6 to 10 years	13.48	11.12
More than 10 years	5.94	6.56
Total	41.57	41.69

The weighted average duration of the defined benefit obligation is 4 years. (December 31, 2021: 4 years)

(V) The major categories of plan assets are as follows:

	As at December 31, 2022	As at December 31, 2021
Funds managed by insurer	100%	100%

Risk exposure for the above plans

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

(i) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. In managing the plan assets, Board of Trustees reviews and manages these risks associated with the funded plan. Each year, the Board of Trustees reviews the level of funding in the gratuity plan. Such a review includes asset - liability matching strategy and investment risk management policy (which includes contributing to plans that invest in risk averse markets). The Board of Trustees aim to keep annual contributions relatively stable at a level such that no plan deficits (based on valuation performed) will arise.

## Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

(ii) Asset volatility

All plan assets are maintained in a trust fund managed by a public sector insurer i.e., LIC of India. 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. A single account is maintained for both the investment and claim settlement and hence, 100% liquidity is ensured. Also, interest rate and inflation risk are taken care of.

(iii) Discount rate risk

The present value of the defined benefit obligation is calculated using discount rate based on Government bonds. The decrease in the bond yield will increase the defined benefit obligation, however the same will be partially offset by an increase in value of plan assets.

(iv) Future salary escalation risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in salary of the plan participants will increase the defined benefit obligation.

### 32 Disclosure pursuant to Ind AS 24 'Related Party Disclosures':

A Name of the related parties and nature of relationship

a.	Ultimate Parent Entity / Ultimate Controlling Party KSB Stiftung and Kuborth Stiftungs GmbH
b.	Parent Entities Canadian Kay Pump Ltd. (Direct parent) KSB SE & Co. KGaA (previously KSB AG) (next most senior parent that produces Consolidated Financials for public use)
c.	Subsidiary Pofran Sales and Agency Limited
d.	Associate KSB MIL Controls Limited
e.	Other Related Parties with whom transactions have taken place during the year: Fellow Subsidiaries: 1 KSB S.A.S France 2 KSB Inc., USA 3 KSB Pumps and Valves Pty Ltd South Africa 4 KSB Australia Pty Limited 5 KSB Chile S.A. 6 KSB Singapore (Asia Pacific) PTE Ltd. 7 KSB Limited, Hongkong 8 KSB Pumps Co.Ltd., Thailand 9 P.T. KSB., Indonesia 10 KSB Taiwan Co. Ltd. 11 KSB Ltd, Tokyo

---

## Notes forming part of the financial statements (Contd.)

---

(All amounts are in ₹ million, unless otherwise stated)

### 33 A. Name of the related parties and nature of relationship (Contd.)

12	KSB Brazil LtdA.
13	KSB Korea Limited
14	KSB de Mexico S.A. de C.V.
15	KSB Nederland B.V.
16	DP Industries B.V., Netherland
17	KSB Pumps Arabia Ltd.
18	KSB Limited United Kingdom
19	KSB Italia S.p.A., Italy
20	KSB Panama S.A.
21	KSB Shanghai Pump Co. Ltd., China
22	KSB-Pumpy+Armatury s.r.o., Koncern
23	KSB Finland Oy
24	KSB Pompes ET Robinetteries s.à.r.l.
25	KSB ITUR S.A., Spain
26	KSB Tech Pvt. Ltd., India
27	GIW Industries Inc., USA
28	KSB Middle East FZE, Dubai
29	KSB Service LLC, UAE
30	KSB Polska Sp. z o.o, Poland
31	KSB Bombas e Válvulas, SA
32	KSB Malaysia Pumps & Valves Sdn. Bhd.
33	KSB Service Egypt LLC
34	KSB Sverige Aktiebolag
35	KSB Pompes ET Robintteries Sarl, Morocco
36	KSB Service GmbH, Germany
37	KSB New Zealand
38	KSB OOO, Russia
39	KSB Vietnam Company Ltd.
40	KSB Philippines
41	KSB Colombia SAS
42	KSB Valves (Changzhou) Co.,Ltd., China
43	SISTO Armaturen S.A., Luxembourg
44	Shanghai Electric KSB Nuclear Pumps and Valves Co. Ltd., China
45	PT. KSB Sales Indonesia
46	KSB Zambia Limited
47	KSB Pumps and Valves L.t.d., Slovenia
48	KSB Pumps and Valves Limited, Kenya

## Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### 33 A. Name of the related parties and nature of relationship (Contd.)

	49	Pumpen-Service Bentz GmbH
	50	KSB Pump & Valve Technology service
	51	KSB (Schweiz) AG
	52	KSB Peru S.A.
	53	KSB Belgium S.A.
	54	KSB Algérie Eurl
f.		Key Management Personnel:
	1	Mr. Rajeev Jain
	2	Mr. Gaurav Swarup
	3	Mr. D. N. Damania
	4	Mr. Pradip Shah
	5	Dr. Stephan Bross
	6	Mr. V. K. Vishwanathan
	7	Dr. Matthias Schmitz
	8	Ms. Sharmila Roy Chowdhury
g.		Individuals having significant influence over the enterprise
	1	Mr. Gaurav Swarup
h.		Relatives of individuals having significant influence over the enterprise
	1	Mrs. Gyan M Swarup
	2	Vikram Swarup Family Trust
	3	Mr. Vikram Swarup
	4	Mrs. Bindu Swarup
	5	Mrs. Parul Swarup
i.		Enterprises over which individuals having significant influence over the reporting enterprise exercise significant influence
	1	The Industrial & Prudential Investment Co. Ltd.
	2	New Holding and Trading Company Ltd. (merged with 'The Industrial & Prudential Investment Co. Ltd.')
	3	Paharpur Cooling Towers Ltd.
	4	KSB Care Charitable Trust
j.		Post employment benefit Trusts
	1	KSB Pumps Employee's Gratuity Trust
	2	Grade-O-Castings Employee's Gratuity Trust
	3	KSB Pumps (Core Employee's) Superannuation Trust

## Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### 32 B. Transactions with related parties:

Nature of transactions	Parent Entities	Subsidiary Company	Associate Company	Fellow Subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Individuals having significant influence over the reporting enterprise	Relatives of individuals having significant influence over the enterprise	Enterprises which individuals having significant influence over the reporting enterprise exercise significant influence	Post employment benefit Trusts	Total
Purchase of goods	424.90 (279.59)	- (-)	89.44 (52.74)	155.72 (188.64)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	670.06 (520.97)
Purchase of Property, plant and equipment	- (-)	- (-)	1.18 (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	1.18 (-)
Sale of goods	378.92 (487.66)	- (-)	5.87 (1.31)	1,583.53 (1,166.09)	- (-)	- (-)	- (-)	- (-)	17.91 (12.35)	- (-)	1,986.23 (1,667.41)
Sale of services	2.81 (3.09)	- (-)	- (-)	13.48 (11.54)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	16.29 (14.63)
Site expenses	0.63 (-)	- (-)	- (-)	3.63 (25.04)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	4.26 (25.04)
Commission income	1.34 (4.61)	- (-)	- (-)	1.47 (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	2.81 (4.61)
Commission expenses	0.46 (12.67)	- (-)	- (-)	0.74 (27.60)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	1.20 (40.27)
Commission expenses written back	- (-)	- (-)	- (-)	8.54 (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	8.54 (-)
Dividend income	- (-)	- (-)	32.34 (26.83)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	32.34 (26.83)
Liquidated damages	1.94 (1.79)	- (-)	- (-)	2.07 (2.18)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	4.01 (3.97)
Liquidated damages income	- (-)	- (-)	- (-)	8.83 (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	8.83 (-)
Charges for technical / professional services	41.10 (172.45)	- (-)	- (-)	16.44 (13.75)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	57.54 (186.20)
Royalty charges	310.10 (210.63)	- (-)	- (-)	10.03 (6.06)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	320.13 (216.69)
Warranty charges	2.00 (-)	- (-)	- (-)	3.15 (0.70)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	5.15 (0.70)
Recovery of expenses	14.09 (1.20)	- (0.02)	14.68 (10.96)	0.84 (2.08)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	29.61 (14.26)

## Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### 32 B. Transactions with related parties (Contd.)

Nature of transactions	Parent Entities	Subsidiary Company	Associate Company	Fellow Subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Individuals having significant influence over the reporting enterprise	Relatives of individuals having significant influence over the enterprise	Enterprises over which individuals having significant influence over the reporting enterprise exercise significant influence	Post employment benefit Trusts	Total
Reimbursement of expenses	2.01 (1.15)	- (-)	- (-)	0.94 (2.50)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	2.95 (3.65)
Remuneration	-	-	-	-	53.03 (44.55)	-	-	-	-	-	53.03 (44.55)
Sitting fees paid	-	-	-	-	2.21 (1.66)	-	0.47 (0.36)	-	-	-	2.68 (2.02)
Dividend paid	176.39 (119.94)	- (-)	- (-)	- (-)	0.06 (0.04)	-	0.43 (0.29)	1.49 (1.02)	111.88 (76.08)	-	290.25 (197.37)
Commission to Directors	-	-	-	-	8.70 (7.92)	-	2.91 (1.65)	-	-	-	11.61 (9.57)
Expenditure on Corporate Social Responsibility	-	-	-	-	-	-	-	-	32.62 (26.46)	-	32.62 (26.46)
Contribution to post employment benefits	-	-	-	-	-	-	-	-	-	323.18 (3.15)	323.18 (3.15)
Outstanding balances arising from sales/ purchases of goods and services	70.59 (74.78)	- (-)	- (-)	452.83 (235.92)	- (-)	- (-)	- (-)	- (-)	2.31 (2.25)	-	525.73 (312.95)
Trade receivables (Refer note 7)	416.41 (586.98)	- (-)	4.98 (2.33)	58.56 (128.85)	- (-)	- (-)	- (-)	- (-)	- (-)	-	479.95 (718.16)
Trade payables (Refer note 16)	35.54 (79.07)	- (-)	- (-)	77.00 (38.71)	- (-)	- (-)	- (-)	- (-)	- (-)	-	112.54 (117.78)
Advances from related parties	-	-	-	-	-	-	-	-	-	-	-
Advances to related parties (Refer note 12)	-	-	-	-	-	-	-	-	-	-	-
Security deposits	-	-	0.12 (0.12)	-	-	-	-	-	-	-	0.12 (0.12)

Notes : 1. Previous year's figures are shown in brackets.

2. The Company enters into a variety of transactions with the related parties on arm's length basis. Terms and conditions for outstanding balances

3. All outstanding balances are unsecured and payable in cash.

## Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### 32 C. Transactions with related parties:

#### (I) Key management personnel compensation

	Year ended December 31, 2022	Year ended December 31, 2021
Short term employee benefits	52.63	44.28
Post-employment benefits	0.40	0.27
Total	<u>53.03</u>	<u>44.55</u>

#### (II) Material transactions with related parties

Sr. No.	Nature of transactions	Name of the party	Year ended December 31, 2022	Year ended December 31, 2021
1	Purchase of goods	KSB SE & Co. KGaA	424.90	279.59
		KSB MIL Controls Limited	89.44	52.74
2	Purchase of Property, plant and equipment	KSB MIL Controls Limited	1.18	-
3	Sale of goods	KSB SE & Co. KGaA	378.92	487.66
		KSB Australia Pty Limited	233.52	161.57
		PT. KSB Sales Indonesia	224.82	103.60
4	Sale of Services	KSB SE & Co. KGaA	2.81	3.09
		KSB Tech Pvt. Ltd., India	13.48	11.54
5	Site expenses	KSB SE & Co. KGaA	0.63	-
		PT KSB Indonesia	3.11	1.81
		KSB Service GmbH	0.45	-
		KSB Algérie Eurl	-	19.23
6	Commission income	KSB SE & Co. KGaA	1.34	4.61
		KSB S.A.S, France	0.83	-
		KSB Service GmbH	0.64	-
7	Commission expenses	KSB SE & Co. KGaA	0.46	12.67
		KSB Ltd, Tokyo	0.12	17.11
		KSB Korea Limited	-	4.47
		KSB Malaysia Pumps & Valves	0.59	-
8	Commission expenses written back	KSB Middle East FZE	8.54	-
9	Dividend income	KSB MIL Controls Limited	32.34	26.83
10	Liquidated damages	KSB SE & Co. KGaA	1.94	1.79
		KSB ITALIA S.P.A.	2.04	1.96
11	Liquidated damages income	KSB Pumps & Valves (PTY)LTD.	6.92	-
		KSB Shanghai Pump Co., LTD	1.91	-
12	Charges for technical / professional services	KSB SE & Co. KGaA	41.10	172.45
		KSB Tech Pvt. Ltd., India	18.85	11.09
13	Royalty charges	KSB SE & Co. KGaA	310.10	210.63
14	Warranty charges	KSB SE & Co. KGaA	2.00	-
		PT KSB Indonesia	2.80	-
		KSB Pumps & Valves (PTY)LTD.	-	0.47
		KSB Algérie Eurl	-	0.18



## Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### 32 C. Transactions with related parties: (contd.)

#### (II) Material transactions with related parties (contd.)

Sr. No.	Nature of transactions	Name of the party	Year ended December 31, 2022	Year ended December 31, 2021
15	Recovery of expenses	KSB MIL Controls Limited	14.68	10.96
		KSB SE & Co. KGaA	14.09	1.20
		KSB Pumps & Valves (PTY)LTD.	-	2.00
16	Reimbursement of expenses	KSB SE & Co. KGaA	2.01	1.15
		OOO "KSB"	-	1.46
		PT KSB Indonesia	0.29	0.54
17	Remuneration	Mr. Rajeev Jain	53.03	44.55
18	Sitting fees paid	Mr. Gaurav Swarup	0.47	0.36
		Mr. D. N. Damania	0.47	0.36
		Mr. Pradip Shah	0.46	0.35
		Dr. Stephan Bross	0.20	0.17
		Mr. V. K. Vishwanathan	0.35	0.26
		Dr. Matthias Schmitz	0.40	0.27
		Ms. Sharmila Roy Chowdhury	0.35	0.25
19	Dividend paid	Canadian Kay Pump Ltd.	176.39	119.94
		The Industrial & Prudential Investment Co. Ltd.	90.50	61.54
20	Commission to Directors	Mr. Gaurav Swarup	2.91	1.65
		Mr. D. N. Damania	1.45	1.32
		Mr. Pradip Shah	1.45	1.32
		Dr. Stephan Bross	1.45	1.32
		Mr. V. K. Vishwanathan	1.45	1.32
		Dr. Matthias Schmitz	1.45	1.32
		Ms. Sharmila Roy Chowdhury	1.45	1.32
21	Expenditure on Corporate Social Responsibility	KSB Care Charitable Trust	32.62	26.46
22	Contribution to post employment benefits	KSB Pumps Employee's Gratuity Trust	306.13	2.95
		Grade-O-Castings Employee's Gratuity Trust	8.55	0.20
		KSB Pumps (Core Employee's) Superannuation Trust	8.50	-

Note :

1. "Material transactions with related parties" denote entities accounting for 10% or more of the aggregate for that category of balance during respective period.

### 33 Segment reporting

As per Ind AS 108 Operating Segments, when a financial report contains both consolidated financial statements and separate financial statements for the parent, segment information needs to be presented only in case of consolidated financial statements. Accordingly, segment information has been provided only in the consolidated financial statements.

## Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### 34 Fair value measurements

Except derivative instruments, all financial assets and financial liabilities are measured at amortised cost. Derivative instruments are classified as fair value through profit or loss. The fair value is determined using forward exchange rates at the balance sheet date. The instruments fall under level 2 of the fair value hierarchy as per Ind AS 113 Fair Value Measurements. Level 2 fair value financial instruments are those which are not traded in an active market, which maximise the use of observable market data and rely as little as possible on entity specific estimates. Significant inputs required to measure a level 2 fair value are observable. The fair value of all the instruments measured at amortised cost is not significantly different from the carrying value of such instruments.

### 35 Financial risk management

The Company's activities exposes it to credit risk, liquidity risk and market risk. In order to minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts are taken. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

The Company's risk management is carried out by the Company's treasury department under policies approved by the board of directors. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

#### (A) Credit risk

The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments. For banks and other financial institutions, only high rated banks/ financial institutions are accepted. The balances with banks, loans given to employees, security deposits are subject to low credit risk and the risk of default is negligible or nil. The Company has recognized provision based on assumptions about risk of default, expected loss rates and specific identification method.

#### I Trade receivables

Credit risk arises from the possibility that customer will not be able to settle their obligations as and when agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts, ageing of accounts receivable and forward looking information. Individual credit limits are set accordingly. The Company has recognized the provision based on assumptions about risk of default, expected loss rates and specific identification method.

#### Expected credit loss for trade receivables under simplified approach

Trade receivables	December 31, 2022			December 31, 2021		
	Gross	Allowance	Net	Gross	Allowance	Net
Outstanding for following periods from the due date						
Not due	1,375.78	-	1,375.78	1,372.07	-	1,372.07
Less than 6 months	2,252.35	(80.95)	2,171.40	830.69	(1.17)	829.52
6 months - 1 year	261.31	(4.00)	257.31	299.77	(23.81)	275.96
1-2 years	147.54	(16.65)	130.89	352.72	(75.17)	277.55
2-3 years	92.74	(26.35)	66.39	153.94	(21.40)	132.54
More than 3 years	214.05	(81.05)	133.00	169.21	(131.66)	37.55
Total	4,343.77	(209.00)	4,134.77	3,178.40	(253.21)	2,925.19

## Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

Movement of provision for loss allowance :

	Provision for Loss allowance
Provision as at January 1, 2021	254.95
Change during the year	(1.74)
Provision as at December 31, 2021	253.21
Change during the year	(44.21)
Provision as at December 31, 2022	209.00

### (B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying business, the Company's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for :

- 1) all non-derivative financial liabilities, and
- 2) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

	December 31, 2022		December 31, 2021	
	Upto 1 year	Above 1 year	Upto 1 year	Above 1 year
Trade payables	3,142.62	-	2,791.50	-
Lease liabilities	10.18	26.31	10.46	28.21
Other financial liabilities	733.89	-	827.15	-

### (C) Market risk

#### I) Foreign currency risk

The Company is engaged in international trade and thereby exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the EUR and USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency ₹. The Company uses foreign exchange forward contracts to hedge its exposure in foreign currency risk.

#### i) Foreign currency risk exposure

The Company's exposure to foreign currency risk at the end of the reporting period expressed in ₹ million, are as follows :-

## Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

	December 31, 2022					December 31, 2021				
	EUR	USD	AUD	GBP	BDT	EUR	USD	AUD	GBP	BDT
Financial assets										
Trade receivables	143.76	558.60	-	0.01	-	72.82	580.43	-	-	-
Balances with banks										
- In current accounts	-	-	-	-	1.03	-	-	-	-	4.92
- In EEFC accounts	5.46	138.22	-	-	-	2.28	181.74	-	-	-
Derivative assets -	-	(253.85)	-	-	-	-	(43.95)	-	-	-
Foreign exchange forward contracts (Sell Foreign Currency)										
Net exposure to foreign currency risk (assets)	149.22	442.97	-	0.01	1.03	75.10	718.22	-	-	4.92
Financial liabilities										
Trade payables	181.72	105.23	0.26	1.96	0.48	365.87	219.32	0.12	0.22	-
Derivative liabilities -	-	-	-	-	-	-	-	-	-	-
Foreign exchange forward contracts (Buy Foreign Currency)										
Net exposure to foreign currency risk (liabilities)	181.72	105.23	0.26	1.96	0.48	365.87	219.32	0.12	0.22	-

### ii) Sensitivity

The sensitivity of profit and loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments:

	Impact on profit before tax [Increase / (Decrease)]	
	December 31, 2022	December 31, 2021
EUR sensitivity		
INR/EUR - Increase by 5% (December 31, 2021-5%)*	(1.63)	(14.54)
INR/EUR - Decrease by 5% (December 31, 2021-5%)*	1.63	14.54
USD sensitivity		
INR/USD - Increase by 5% (December 31, 2021-5%)*	16.89	24.95
INR/USD - Decrease by 5% (December 31, 2021-5%)*	(16.89)	(24.95)

\* Holding all other variables constant

### (C) Market risk

#### II) Interest rate risk

The Company's main interest rate risk arises from short term borrowings and deposits taken / placed over a period of time on frequent basis thereby exposing the Company to interest rate risk. The Company's policy is to have fixed interest rate at the time of deal execution.

## Notes forming part of the financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### 36 Capital management

#### a) Risk management

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital. 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 parent. The primary objective of the Company's capital management is to maximise the shareholders value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company is debt-free and has net cash and bank balance.

No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2022 and December 31, 2021.

#### Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	As at December 31, 2022	As at December 31, 2021
Cash and bank balance		
Cash and cash equivalents [Refer note 8 (a)]	319.34	565.39
Other bank balance* [Refer note 8 (b)]	2,283.58	2,973.27
Borrowings		
Current borrowings	-	-
Net cash and bank balance	<u>2,602.92</u>	<u>3,538.66</u>

\*Other bank balance consists of fixed deposits which are considered as short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

The amount of net cash and bank balance considering the amount of lease liability of ₹ 28.82 million (December 31, 2021: ₹ 29.89 million) is ₹ 2,574.10 million (December 31, 2021: ₹ 3,508.77 million)

#### Net debt reconciliation - Current borrowings

	As at December 31, 2022	As at December 31, 2021
Net debt at the beginning of the year	-	600.00
Net cashflows [Inflow/(Outflow)]	-	(600.00)
Interest on borrowings	41.11	32.55
Interest paid on borrowings	(41.11)	(32.55)
Net debt at the end of the year	-	-

## Notes forming part of the financial statements (Contd.)

### b) Dividends

	December 31, 2022	December 31, 2021
(i) Equity shares]		
Final dividend paid for the year ended December 31, 2021 of ₹ 12.50 (December 31, 2020 of ₹ 8.50) per fully paid share	435.10	295.87
(ii) Dividends not recognised at the end of the reporting period The directors have recommended the payment of a final dividend of ₹ 15 per fully paid equity share (December 31, 2021 - ₹ 12.50). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	522.12	435.10

### 37 Additional regulatory information

#### (a) Analytical ratios

Sr. No.	Ratio	Numerator	Denominator	December 31, 2022	December 31, 2021	Change %
(i)	Current ratio	Current assets	Current liabilities	2.01	2.06	-2.43%
(ii)	Return on equity ratio	Net profit after tax	Average* share holders equity	17.43%	16.19%	7.62%
(iii)	Inventory turnover ratio	Cost of goods sold	Average* inventory	2.01	2.02	-0.50%
(iv)	Trade receivables ratio	Total Sales	Average* Trade receivables	5.14	5.16	-0.39%
(v)	Trade payables turnover ratio	Purchases	Average* Trade payables	5.01	4.18	19.86%
(vi)	Net capital turnover ratio	Total Sales	Working capital	2.84	2.58	10.08%
(vii)	Net profit ratio	Net profit after tax	Total Sales	9.88%	9.86%	0.20%
(viii)	Return on capital employed	Earnings before interest and tax	Capital employed	22.97%	21.51%	6.79%
(ix)	Return on investment	Earnings before interest and tax	Average* total assets	14.80%	13.23%	11.87%

Total Sales = Revenue from operations less Export incentives

Capital employed = Tangible Net Worth less Deferred tax assets

Working capital = Current assets less Current liabilities

\*Average = ((Opening + Closing) / 2)

Note - Debt-equity ratio and Debt service coverage ratio are not applicable as there are no borrowings as at December 31, 2022 and December 31, 2021.

## Notes forming part of the financial statements (Contd.)

(b) **Details of benami property held**

No proceedings have been initiated on or are pending against the company under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(c) **Borrowing secured against current assets**

The Company has placed fixed deposits of ₹ 1,018.91 million (December 31, 2021: ₹ 1,137.88 million) under lien with banks and has availed the overdraft facilities against the same. Thus, the Company is not required to file quarterly returns or statement of current assets with the banks.

(d) **Wilful defaulter**

The company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(e) **Relationship with struck off companies**

Below are the details of transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

Sr No.	Name of the struck off Company	Nature of transactions	Balance outstanding as at December 31, 2022	Balance outstanding as at December 31, 2021	Relationship
1	Soares Engineers Private Limited	Payables	0.15	2.32	Non related party
2	Vertex Safety Products Private Limited	Receivables	-	-*	Non related party

\* amount below rounding off norms of the Company

(f) **Compliance with number of layers of companies**

The Company has complied with the number of layers prescribed under the Companies Act, 2013.

(g) **Compliance with approved scheme(s) of arrangements**

The Company has not entered into any scheme of arrangement which has an accounting impact in the year ended December 31, 2022 and December 31, 2021.

(h) **Utilisation of borrowed funds and share premium**

The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

- i. 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
- ii. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

The Company has not received any funds from any person or entity, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

- i. 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
- ii. provide any guarantee, security or the like on behalf of the ultimate beneficiaries

---

## Notes forming part of the financial statements (Contd.)

---

(i) **Undisclosed income**

There is no income surrendered or disclosed as income during the year ended December 31, 2022 and December 31, 2021 in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

(j) **Details of cryptocurrency or virtual currency**

The Company has not traded or invested in cryptocurrency or virtual currency during the year ended December 31, 2022 and December 31, 2021.

(k) **Valuation of Property, plant and equipment, Right-of-use assets and Other intangible assets**

The Company has not revalued its property, plant and equipment or right-of-use assets or intangible assets during the year ended December 31, 2022 and December 31, 2021.

### 38 **Events occurring after the reporting period**

Refer to note 36 (b) (ii) for the final dividend recommended by the directors which is subject to the approval of shareholders in the ensuing general meeting.

39 During year ended December 31, 2022, the Company was informed by the parent entity, KSB SE & Co. KGaA, that the parent entity has encountered a cyber-attack on their IT systems in Germany. The Company's IT systems and infrastructure is part of the aforesaid IT systems. As an immediate measure, the parent entity had temporarily shut down all actual or potentially affected IT systems in a controlled manner for security reasons which led to temporary disruption in some of the Company's business services. The Company had put in place alternative control mechanisms in the temporary absence of the said systems. After taking all the possible necessary measures, the said systems were restored in a phased manner. Based on the assessment carried out (with the assistance of external specialist consultants) there was no impact on the financial statements of the Company for the year ended December 31, 2022.

40 The Ministry of Corporate Affairs (MCA) through a notification dated March 24, 2021, amended Schedule III of the Companies Act, 2013, applicable for financial years commencing from April 1, 2021. Pursuant to such amendments, security deposits of ₹ 38.70 million as at December 31, 2021 have been reclassified from 'Loans' to 'Other financial assets'.

41 Previous year's figures have been regrouped / reclassified wherever considered necessary to conform current year's classification / disclosure.

---

In terms of our report of even date

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016

For and on behalf of the Board of Directors

Gaurav Swarup  
Chairman  
(DIN : 00374298)

D. N. Damania  
Director  
(DIN : 00403834)

Amit Borkar  
Partner  
Membership No.: 109846

Rajeev Jain  
Managing Director  
(DIN : 07475640)

Mahesh Bhawe  
Chief Financial Officer

Place : Mumbai  
Date : February 23, 2023

Date : February 23, 2023

Shraddha Kavathekar  
Company Secretary



## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KSB LIMITED

### Report on the audit of the Consolidated Financial Statements

#### Opinion

1. We have audited the accompanying consolidated financial statements of KSB Limited (hereinafter referred to as the “Holding Company”) and its subsidiary (Holding Company and its subsidiary together referred to as “the Group”) and its associate (refer Note 34 to the attached consolidated financial statements), which comprise the consolidated Balance Sheet as at December 31, 2022, and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), 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 significant accounting policies and other explanatory information. (hereinafter referred to as “the consolidated financial statements”).
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at December 31, 2022, and consolidated total comprehensive income (comprising of profit and other comprehensive

income), consolidated changes in equity and its consolidated cash flows for the year then ended.

#### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent of the Group and its associate in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained other than the unaudited financial information as certified by the management and referred to in sub-paragraph 14 of the Other Matters section below, is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Appropriateness of Revenue Recognition</b> (Refer to Note 1(e), 2(ii) and 20 to the consolidated financial statements)</p> <p>The Group recognises revenue in accordance with Ind AS 115 “Revenue from Contracts with Customers”. This involves application of significant judgement by Management with respect to:</p> <ul style="list-style-type: none"> <li>• Combining multiple contracts as a single contract.</li> <li>• Identification of distinct performance obligations;</li> <li>• Allocation of consideration to identified performance obligations;</li> <li>• Determination of timing of recognition of revenue</li> </ul>	<p><b>Our audit procedures included the following:</b></p> <ul style="list-style-type: none"> <li>• Understanding and evaluation of the design and testing the operating effectiveness of controls surrounding the recording of revenue in accordance with the principles of Ind AS 115.</li> <li>• Testing of customer contracts on a sample basis to assess the terms for identification of performance obligations in accordance with Ind AS 115 and comparing those to the management assessment;</li> <li>• Assessing appropriateness of management’s judgements and estimates involved in accounting for a sample of customer contracts including inquiry and discussion with appropriate client personnel especially regarding the nature of</li> </ul>

## INDEPENDENT AUDITORS' REPORT (Contd.)

<p>either over a period of time or at a point in time on transfer of control to customers. This includes assessment of alternative use of the products to the Group based on technical analysis as well as legal assessment of right to payment.</p> <p>Considering the above-mentioned factors, appropriateness of revenue recognition has been considered as a Key Audit Matter.</p>	<p>products and alternative use of the products to the Group.</p> <ul style="list-style-type: none"> <li>• Evaluation of the Holding Company's in-house legal counsel's views regarding the Group's right to payment for performance to date;</li> <li>• Testing the appropriateness of timing of recognition of revenue (including procedures related to cut off testing) in line with the terms of the customer contracts;</li> <li>• Testing the key assumptions used by the management to estimate contract risks, claims, liquidated damages etc.;</li> <li>• Verifying the reports used by management for monitoring contracts and their progress;</li> <li>• Evaluating appropriateness of the disclosures made in the consolidated financial statements.</li> </ul> <p>Based on above procedures, we did not identify any significant exceptions in the judgement applied by the management in recognition of revenue.</p>
--	--

### Other Information

5. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained 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

6. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair

view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 Directors of the Holding Company, as aforesaid.

7. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate are

## INDEPENDENT AUDITORS' REPORT (Contd.)

responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

8. The respective Board of Directors of the companies included in the Group and of its associate are responsible for overseeing the financial reporting process of the Group and of its associate.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

9. 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.
10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism 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 associate 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 and its associate 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 associate to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.
11. 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.
12. We also provide those charged with governance with a statement that we have complied with

---

## INDEPENDENT AUDITORS' REPORT (Contd.)

---

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.

13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

14. We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹ 1.79 million and net assets of ₹ 1.75 million as at December 31, 2022, total revenue of ₹ Nil, total comprehensive loss (comprising of loss and other comprehensive income) of ₹ 0.06 million and net cash flows amounting to ₹ 0.06 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiary, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these 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 matter with respect to our reliance on the financial statements certified by the Management.

### Report on Other Legal and Regulatory Requirements

15. As required by the Companies (Auditor's Report) Order, 2020 ("CARO 2020"), issued by the Central Government of India in terms of sub-section (11) of

Section 143 of the Act, we give in the Annexure B, a statement on the matter specified in paragraph 3(xxi) of CARO 2020.

16. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated 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 and records maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors of the Holding Company, and its associate company incorporated in India as on December 31, 2022 taken on record by the Board of Directors of the Holding Company and its associate company incorporated in India, none of the directors of the Group and its associate incorporated in India are disqualified as on December 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of internal financial controls with reference to consolidated financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to

## INDEPENDENT AUDITORS' REPORT (Contd.)

the best of our information and according to the explanations given to us:

- i. The consolidated financial statements disclose the impact, of pending litigations on the consolidated financial position of the Group and its associate – Refer Note 18 (b) and 30 (a) to the consolidated financial statements.
- ii. The Group has made provision as at December 31, 2022, as required under the applicable law or accounting standards, for material foreseeable losses, on long-term contracts including derivative contracts.
- iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Holding Company and its associate incorporated in India during the year.
- iv. (a) The respective Managements of the Holding Company and its associate which are companies incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of their knowledge and belief, as disclosed in the notes to the accounts, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its associate 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, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or associate (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (b) The respective Managements of the Holding Company, its associate which are companies incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of their knowledge and belief, as disclosed in the notes to

the accounts, no funds (which are material either individually or in the aggregate) have been received by the Holding Company or its associate from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its associate shall, 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, that has been considered reasonable and appropriate in the circumstances, performed by us, nothing has come to our that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.
- v. The dividend declared and paid during the year by the Holding Company, and its associate, is in compliance with Section 123 of the Act

17. The Group and its associate have paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016

Amit Borkar  
Partner  
Membership Number: 109846  
UDIN: 23109846BGYFKL2593

Mumbai, February 23, 2023



---

## ANNEXURE TO INDEPENDENT AUDITORS' REPORT

---

### ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 16(f) of the Independent Auditor's Report of even date to the members of KSB Limited on the consolidated financial statements for the year ended December 31, 2022.

#### Report on the Internal Financial Controls with reference to Consolidated Financial Statements under clause (i) of sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended December 31, 2022, we have audited the internal financial controls with reference to consolidated financial statements of KSB Limited (hereinafter referred to as "the Holding Company") its subsidiary company and its associate, which are companies incorporated in India, as of that date.

#### Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its subsidiary company and its associate to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on 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 ("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 the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the

accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system 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 with reference to consolidated financial statements, 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system with reference to consolidated financial statements.

## ANNEXURE TO INDEPENDENT AUDITORS' REPORT (Contd.)

### Meaning of Internal Financial Controls with reference to consolidated financial statements

6. A company's internal financial control 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 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

### Inherent Limitations of Internal Financial Controls with reference to consolidated financial statements

7. Because of the inherent limitations of internal financial controls 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control 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

8. In our opinion, the Holding Company, its subsidiary company and its associate, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at December 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016

Amit Borkar  
Partner  
Membership Number: 109846  
UDIN : 23109846BGYFKL2593

Mumbai, February 23, 2023

---

## ANNEXURE TO INDEPENDENT AUDITORS' REPORT (Contd.)

---

### ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 15 of the Independent Auditors' Report of even date to the members of KSB Limited on the Consolidated Financial Statements as of and for the year ended December 31, 2022.

As required by paragraph 3(xxi) of the CARO 2020, we report that the following company has qualification or adverse remarks in their CARO report on the standalone financial statements of the company included in the Consolidated Financial Statements of the Holding Company:

S. No.	Name of the Company	CIN	Relationship with the Holding Company	Date of the respective auditors' report	Paragraph number and comment in the respective CARO report reproduced below
1.	KSB MIL Controls Limited	U32107KL1983PLC003725	Associate	February 15, 2023	(ii) (b) During the year, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, from Bank on the basis of security of current assets. The Company has filed quarterly returns or statements with such bank, which are not in agreement with the unaudited books of account as mentioned in Annexure I below.



## ANNEXURE TO INDEPENDENT AUDITORS' REPORT (Contd.)

Referred to in paragraph 15 of the Independent Auditors' Report of even date to the members of KSB Limited on the Consolidated Financial Statements as of and for the year ended December 31, 2022.

### ANNEXURE I

Name of the Bank/ Financial Institution	Aggregate working capital limits sanctioned	Nature of Current Asset offered as Security	Quarter ended	Amount disclosed as per quarterly statement (Amount in INR Lakhs)	Amount as per books of account (Amount in INR Lakhs)	Difference	Reasons for difference
Canara Bank	40 Crores	Inventory	March 2022	5,706	5,706	-	-
		Trade Receivables		5,516	5,516	-	-
		Inventory	June 2022	6,590	6,590	-	-
		Trade Receivables		5,789	5,768	21	Refer note below
		Inventory	September 2022	6,742	6,739	3	Refer note below
		Trade Receivables		5,996	5,999	(3)	Refer note below
		Inventory	December 2022	7,414	7,414	-	-
		Trade Receivables		6,256	6,256	-	-

Note: The differences are due to period end closing entries.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016

Place: Mumbai  
Date: February 23, 2023

Amit Borkar  
Partner  
Membership Number: 109846  
UDIN: 23109846BGYFKL2593

## Consolidated Balance Sheet as at December 31, 2022

(All amounts are in ₹ million, unless otherwise stated)

Particulars	Notes	As at December 31, 2022	As at December 31, 2021
<b>ASSETS</b>			
<b>I. Non-current assets</b>			
Property, plant and equipment	3	3,214.64	2,819.53
Right-of-use assets	4	269.08	273.43
Capital work-in-progress	3	251.43	391.76
Other Intangible assets	5	17.05	13.41
Financial assets			
(a) Investments	6 (a)	741.61	697.48
(b) Trade receivables	7	98.24	145.36
(c) Loans	6 (b)	91.19	83.57
(d) Other financial assets	9	46.33	38.70
Deferred tax assets (net)	13 (a)	-	51.10
Assets for current tax (net)	13 (b)	210.77	162.57
Other non-current assets	11	569.66	214.59
<b>Total non-current assets</b>		<b>5,510.00</b>	<b>4,891.50</b>
<b>II. Current assets</b>			
Inventories	10	5,610.89	4,230.84
Financial assets			
(a) Trade receivables	7	4,036.53	2,779.83
(b) Cash and cash equivalents	8 (a)	319.54	565.65
(c) Bank balances other than (b) above	8 (b)	2,290.53	2,979.65
(d) Loans	6 (b)	39.34	27.08
(e) Other financial assets	9	89.94	101.24
Other current assets	12	351.35	517.95
<b>Total current assets</b>		<b>12,738.12</b>	<b>11,202.24</b>
<b>Total Assets</b>		<b>18,248.12</b>	<b>16,093.74</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	14 (a)	348.08	348.08
Other equity	14 (b)	11,083.08	9,760.30
<b>Total Equity</b>		<b>11,431.16</b>	<b>10,108.38</b>
<b>LIABILITIES</b>			
<b>I. Non-current liabilities</b>			
Lease liabilities	15	19.51	20.34
Provisions	18 (a)	433.10	516.67
Deferred tax liabilities (net)	13 (a)	12.88	-
<b>Total non-current liabilities</b>		<b>465.49</b>	<b>537.01</b>
<b>II. Current liabilities</b>			
Financial liabilities			
(a) Lease liabilities	15	9.31	9.55
(b) Trade payables	16		
- Total outstanding dues of micro enterprises and small enterprises		482.97	212.05
- Total outstanding dues of creditors other than micro enterprises and small enterprises		2,659.70	2,579.50
(c) Other financial liabilities	17	733.89	827.15
Other current liabilities	19	1,962.66	1,261.71
Provisions	18 (b)	502.94	540.75
Current tax liabilities (net)	13 (b)	-	17.64
<b>Total current liabilities</b>		<b>6,351.47</b>	<b>5,448.35</b>
<b>Total Liabilities</b>		<b>6,816.96</b>	<b>5,985.36</b>
<b>Total Equity and Liabilities</b>		<b>18,248.12</b>	<b>16,093.74</b>

Summary of significant accounting policies

1

The accompanying notes are an integral part of these consolidated financial statements.

This is the Consolidated Balance Sheet referred to in our report of even date.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016

For and on behalf of the Board of Directors

Gaurav Swarup  
Chairman  
(DIN : 00374298)

D. N. Damania  
Director  
(DIN : 00403834)

Amit Borkar  
Partner  
Membership No.: 109846

Rajeev Jain  
Managing Director  
(DIN : 07475640)

Mahesh Bhav  
Chief Financial Officer

Place : Mumbai  
Date : February 23, 2023

Place : Mumbai  
Date : February 23, 2023

Shraddha Kavathekar  
Company Secretary

## Consolidated Statement of Profit and Loss for the year ended December 31, 2022

(All amounts are in ₹ million, unless otherwise stated)

Particulars	Notes	Year ended December 31, 2022	Year ended December 31, 2021
<b>Income</b>			
Revenue from operations	20	18,219.60	14,972.91
Other income	21	421.84	336.94
<b>Total Income</b>		<b>18,641.44</b>	<b>15,309.85</b>
<b>Expenses</b>			
Cost of materials consumed	22	8,942.33	7,212.55
Purchases of stock-in-trade	23	1,687.73	1,353.31
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	(750.05)	(641.61)
Employee benefits expense	25	2,438.97	2,153.75
Finance costs	26	61.26	50.40
Depreciation and amortisation expense	27	452.61	435.34
Other expenses	28	3,434.13	2,800.24
<b>Total Expenses</b>		<b>16,266.98</b>	<b>13,363.98</b>
Profit before share of net profit of associate accounted for using the equity method and tax		2,374.46	1,945.87
Share of net profit of associate accounted for using the equity method		78.23	64.20
<b>Profit before tax</b>		<b>2,452.69</b>	<b>2,010.07</b>
<b>Tax expense</b>			
Current tax	13 (b)	538.51	560.50
Deferred tax	13 (a), (b)	86.77	(44.32)
<b>Total tax expense</b>		<b>625.28</b>	<b>516.18</b>
<b>Profit for the year</b>		<b>1,827.41</b>	<b>1,493.89</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Remeasurement of post-employment benefit obligations	31	(90.56)	8.54
Income tax relating to items that will not be reclassified to profit or loss	13 (a), (b)	22.79	(2.15)
Share of Other comprehensive income of associate accounted for using the equity method		(1.76)	(2.21)
<b>Total other comprehensive income for the year, net of tax</b>		<b>(69.53)</b>	<b>4.18</b>
<b>Total comprehensive income for the year</b>		<b>1,757.88</b>	<b>1,498.07</b>
<b>Earnings per equity share</b>			
Basic and Diluted (face value of ₹ 10/- each)	29	52.50	42.92

Summary of significant accounting policies

1

The accompanying notes are an integral part of these consolidated financial statements.

This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016

For and on behalf of the Board of Directors

Amit Borkar  
Partner  
Membership No.: 109846

Gaurav Swarup  
Chairman  
(DIN : 00374298)

D. N. Damania  
Director  
(DIN : 00403834)

Place : Mumbai  
Date : February 23, 2023

Rajeev Jain  
Managing Director  
(DIN : 07475640)

Mahesh Bhav  
Chief Financial Officer

Place : Mumbai  
Date : February 23, 2023

Shraddha Kavathekar  
Company Secretary

## Consolidated Statement of Changes in Equity for the year ended December 31, 2022

(All amounts are in ₹ million, unless otherwise stated)

### A. Equity Share Capital

	Notes	
As at January 1, 2021		348.08
Change in equity share capital	14 (a)	-
As at December 31, 2021		348.08
Change in equity share capital	14 (a)	-
As at December 31, 2022		348.08

### B. Other equity [Refer note 14 (b)]

	Capital reserve	Capital redemption reserve	Securities premium	General reserve	Amalgamation reserve	Retained earnings	Total
As at January 1, 2021	0.09	0.10	3.20	1,085.97	0.06	7,468.68	8,558.10
Profit for the year	-	-	-	-	-	1,493.89	1,493.89
Other Comprehensive Income							
Remeasurement of post-employment benefit obligations (net of tax)	-	-	-	-	-	4.18	4.18
Total Comprehensive Income	-	-	-	-	-	1,498.07	1,498.07
Transactions with owners in their capacity as owners:							
Dividends paid	-	-	-	-	-	(295.87)	(295.87)
As at December 31, 2021	0.09	0.10	3.20	1,085.97	0.06	8,670.88	9,760.30
	Capital reserve	Capital redemption reserve	Securities premium	General reserve	Amalgamation reserve	Retained earnings	Total
As at January 1, 2022	0.09	0.10	3.20	1,085.97	0.06	8,670.88	9,760.30
Profit for the year	-	-	-	-	-	1,827.41	1,827.41
Other Comprehensive Income							
Remeasurement of post-employment benefit obligations (net of tax)	-	-	-	-	-	(69.53)	(69.53)
Total Comprehensive Income	-	-	-	-	-	1,757.88	1,757.88
Transactions with owners in their capacity as owners:							
Dividends paid	-	-	-	-	-	(435.10)	(435.10)
As at December 31, 2022	0.09	0.10	3.20	1,085.97	0.06	9,993.66	11,083.08

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes. This is the Consolidated Statement of Changes in Equity referred to in our report of even date.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016

For and on behalf of the Board of Directors

Gaurav Swarup  
Chairman  
(DIN : 00374298)

D. N. Damania  
Director  
(DIN : 00403834)

Amit Borkar  
Partner  
Membership No.: 109846

Rajeev Jain  
Managing Director  
(DIN : 07475640)

Mahesh Bhav  
Chief Financial Officer

Place : Mumbai  
Date : February 23, 2023

Place : Mumbai  
Date : February 23, 2023

Shraddha Kavathekar  
Company Secretary

## Consolidated Statement of Cash Flows for the year ended December 31, 2022

(All amounts are in ₹ million, unless otherwise stated)

Particulars	Year ended December 31, 2022	Year ended December 31, 2021
<b>A. Cash flow from operating activities</b>		
Profit before tax	2,452.69	2,010.07
Adjustments for :		
Depreciation and amortisation expense	452.61	435.34
Net (gain)/loss on disposal of property, plant and equipment	(13.49)	3.69
Finance costs	61.26	50.40
Interest income	(193.80)	(195.76)
Fair value loss in derivative financial instruments	3.14	5.64
Sundry credit balances and provisions no longer required, written back	(14.42)	(3.77)
Unrealised foreign exchange gain	(18.93)	(11.91)
Allowance for doubtful receivables	(41.64)	30.86
Share of net profit of associates	(78.23)	(64.20)
	<u>156.50</u>	<u>250.29</u>
Operating profit before working capital changes	2,609.19	2,260.36
Adjustment for changes in working capital:		
(Increase) / decrease in operating assets:		
Inventories	(1,380.05)	(622.09)
Trade receivables	(1,138.18)	(103.69)
Loans	(19.88)	(48.73)
Other financial assets	(7.63)	(0.62)
Other assets	166.28	(256.28)
Increase / (decrease) in operating liabilities:		
Trade payables	349.05	183.62
Other financial liabilities	(81.06)	47.76
Other liabilities	700.95	(192.03)
Provisions	(211.94)	119.13
	<u>(1,622.46)</u>	<u>(872.93)</u>
Cash generated from operations	986.73	1,387.43
Income taxes paid (net of refunds)	(604.35)	(762.57)
Net cash flows generated from operating activities (A)	<u>382.38</u>	<u>624.86</u>
<b>B. Cash flows from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(1,069.20)	(382.19)
Proceeds from disposal of property, plant and equipment	15.72	6.58
Investment in fixed deposits	(11,525.43)	(8,411.75)
Redemption of fixed deposits	12,215.12	8,597.07
Interest received	204.14	191.72
Income from trade investments (non-current)	32.34	26.83
Net cash flows generated from/(used in) investing activities (B)	(127.31)	28.26

## Consolidated Statement of Cash Flows for the year ended December 31, 2022 (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

Particulars	Year ended December 31, 2022	Year ended December 31, 2021
C. Cash flows from financing activities		
Proceeds from current borrowings	580.00	800.00
Repayment of current borrowings	(580.00)	(1,400.00)
Interest paid	(58.39)	(47.69)
Repayment of lease liabilities	(12.13)	(10.65)
Dividends paid	<u>(435.10)</u>	<u>(295.87)</u>
Net cash flows used in financing activities (C)	(505.62)	(954.21)
Net decrease in Cash and cash equivalents (A+B+C)	(250.55)	(301.09)
Cash and cash equivalents at the beginning of the year	565.65	870.68
Effects of exchange rate changes on cash and cash equivalents	4.44	<u>(3.94)</u>
Cash and cash equivalents at the end of the year	<u>319.54</u>	<u>565.65</u>

Reconciliation of Cash and cash equivalents as per Consolidated Statement of Cash Flows

Cash and cash equivalents as per above comprise of following:	As at December 31, 2022	As at December 31, 2021
Cash and cash equivalents [Refer note 8 (a)]	<u>319.54</u>	<u>565.65</u>
Balances as per Consolidated Statement of Cash Flows	<u>319.54</u>	<u>565.65</u>

Notes:

- Consolidated Statement of Cash Flows has been prepared under the 'Indirect Method' in accordance with 'Ind AS 7 : Statement of Cash Flows'.
- Refer note 38 (a) for Net debt reconciliation.

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

This is the Consolidated Statement of Cash Flows referred to in our report of even date.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016

Amit Borkar  
Partner  
Membership No.: 109846

Place : Mumbai  
Date : February 23, 2023

For and on behalf of the Board of Directors

Gaurav Swarup  
Chairman  
(DIN : 00374298)

Rajeev Jain  
Managing Director  
(DIN : 07475640)

Place : Mumbai  
Date : February 23, 2023

D. N. Damania  
Director  
(DIN : 00403834)

Mahesh Bhav  
Chief Financial Officer

Shraddha Kavathekar  
Company Secretary

## Notes forming part of the Consolidated financial statements

(All amounts are in ₹ million, unless otherwise stated)

<p>Background:</p> <p>KSB Limited (the ‘Company’) is a public limited Company domiciled in India with its registered office located at Office No. 601, Runwal R-Square, L.B.S Marg, Mulund (West), Mumbai – 400 080. The Company is listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The Company is engaged in the business of manufacture of different types of power-driven pumps and industrial valves. Castings are mainly produced for captive consumption. CIN of the Company is L29120MH1960PLC011635.</p> <p>The consolidated financial statements comprise the financial statements of KSB Limited and its subsidiary company (jointly referred to as the ‘Group’) and its associate company (Refer Note 34 to the attached consolidated financial statements).</p> <p>The consolidated financial statements have been authorized for issue by the Board of Directors on February 23, 2023.</p> <p><b>1. Summary of significant accounting policies :</b></p> <p>This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.</p> <p>(a) Basis of preparation</p> <p>(i) Compliance with Ind AS</p> <p>The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time] and other relevant provisions of the Act.</p> <p>(ii) Historical cost convention</p> <p>The consolidated financial statements have been prepared on a historical cost basis, except for the following:</p> <ul style="list-style-type: none"> <li>• Certain financial assets and liabilities (including derivative instruments) that are measured at fair value</li> <li>• Defined benefit plans - plan assets measured at fair value.</li> </ul> <p>All assets and liabilities have been classified as current or non-current as per the Group’s operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.</p> <p>(b) Segment reporting</p> <p>Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the Group’s board of directors. Refer note 33 for segment information presented.</p> <p>(c) Principles of consolidation and equity accounting</p> <p>(i) Subsidiaries</p> <p>Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the group. The group combines the financial statements</p>	
--	--

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

	<p>of the company and its subsidiary line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.</p>
(ii)	<p><b>Associates</b></p> <p>Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.</p>
(iii)	<p><b>Equity method</b></p> <p>Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment. When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in this entity. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group. The carrying amount of equity accounted investments are tested for impairment in accordance with the policy of the Group.</p>
(d)	<p><b>Foreign currency translation</b></p> <p>(i) <b>Functional and presentation currency</b></p> <p>Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Indian rupee (INR), which is the Group's functional and presentation currency.</p> <p>(ii) <b>Transactions and balances</b></p> <p>Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end are recognised in profit and loss and are presented in the Consolidated Statement of Profit and Loss on a net basis.</p> <p>Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.</p>
(e)	<p><b>Revenue recognition</b></p> <p>Ind AS 115 Revenue from Contracts with Customers deals with revenue recognition and establishes principles for reporting useful information to users of consolidated financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a promised good or service and thus has the ability to direct the use and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.</p> <p>The five-step process must be applied before revenue can be recognised:</p>



## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

	<ul style="list-style-type: none"> <li>(i) identify contracts with customers</li> <li>(ii) identify the separate performance obligation</li> <li>(iii) determine the transaction price of the contract</li> <li>(iv) allocate the transaction price to each of the separate performance obligations, and</li> <li>(v) recognise the revenue as each performance obligation is satisfied.</li> </ul> <p>(i) Revenue from sale of products</p> <p>The The Group accounts for a contract when it has approval and commitment from parties involved, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable.</p> <p>Group generate revenue from sale of pumps, valves and related support services. The Group may promise to provide distinct goods or services within a contract, for example when a contract covers multiple promises (e.g., supply of pumps, motors and spares), in which case the Group separates the contract into more than one performance obligation. If a contract is separated into more than one performance obligation, the Group allocates the total transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Group uses the expected cost-plus margin approach to allocate the transaction price to each distinct performance obligation.</p> <p>The Group assesses for the timing of revenue recognition in case of each distinct performance obligation. The Group first assesses whether the revenue can be recognized over time as it performs if any of the following criteria is met:</p> <ul style="list-style-type: none"> <li>(a) The customer simultaneously consumes the benefits as the Group performs, or</li> <li>(b) The customer controls the work-in-progress, or</li> <li>(c) The Group's performance does not create an asset with alternative use to the Group and the Group has right to payment for performance completed till date</li> </ul> <p>If none of the criteria above are met, the Group recognizes revenue at a point-in-time. The point-in-time is determined when the control of the goods or services is transferred which is generally determined based on when the significant risks and rewards of ownership are transferred to the customer. Apart from this, the Group also considers its present right to payment, the legal title to the goods, the physical possession and the customer acceptance in determining the point in time where control has been transferred.</p> <p>In case of revenue to be recognized over time, the Group uses input method to measure the progress for contracts because it best depicts the transfer of control to the customer which occurs as it incurs costs on contracts. Under the input method measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenues, including estimated fees or profits, are recorded proportionally as costs are incurred.</p> <p>Due to the nature of the work required to be performed on performance obligations, the estimation of total revenue and cost at completion is complex, subject to many variables and requires significant judgment. It is common for project contracts to contain penalties, bonuses or other provisions that can either increase or decrease the transaction price. These variable amounts generally are awarded upon achievement of certain performance metrics, program milestones or cost targets and may be based upon customer discretion.</p> <p>The Group estimates variable consideration using expected value method of probability-weighted values at an amount to which it expects to be entitled. The Group includes estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. The estimates of variable consideration and</p>
--	--

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

	<p>determination of whether to include estimated amounts in the transaction price are based largely on an assessment of the anticipated performance and all information (historical, current and forecasted) that is reasonably available.</p> <p>Contracts are modified to account for changes in contract specifications and requirements. The Group considers contract modifications to exist when the modification either creates new or changes the existing enforceable rights and obligations. Most of the contract modifications are for goods or services that are not distinct from the existing contract due to the significant integration service provided in the context of the contract and are accounted for as if they were part of that existing contract. The effect of a contract modification on the transaction price and measure of progress for the performance obligation to which it relates, is recognized as an adjustment to revenue (either as an increase in or a reduction of revenue) on a cumulative catch-up basis.</p> <p>When estimates of total costs to be incurred exceed total estimates of revenue to be earned on a performance obligation related to a contract, a provision for the entire loss on the performance obligation is recognized in the period.</p> <p>(ii) Revenue from sale of services Group generate revenue from sale of pumps, valves and related support services. Revenue from services is recognised in the accounting period in which the services are rendered.</p> <p>(iii) Other operating revenue Revenue comprising of income from ancillary activities incidental to the operations of the Group is recognized when the right to receive the income is established as per the terms of the contract. Revenue from export incentives majorly comprises of Duty drawback, Merchandise Export Incentive Scheme (MEIS) and Remission of Duties and Taxes on Exported Products (RoDTEP) which are recognised on an accrual basis at specified rates. Refer note 20.</p> <p>(iv) Other income Interest income: Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Interest income is included in Other income in the Consolidated Statement of Profit and Loss. Dividends: Dividends are recognised in the Consolidated Statement of Profit and Loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.</p> <p>(g) Income tax The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting</p>
--	--

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

	<p>profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.</p> <p>Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.</p> <p>Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.</p> <p>Current and deferred tax is recognised in Consolidated Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.</p> <p>(g) Government grants</p> <p>Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions. Government grants relating to income are recognised in the Consolidated Statement of Profit and Loss. Refer note 1(e)(iii) for accounting policy related to Duty drawback, Merchandise Export Incentive Scheme (MEIS) and Remission of Duties and Taxes on Exported Products (RoDTEP).</p> <p>When government or related institutions provide concession in interest on borrowings or loans availed by the Group from financial institutions, such interest concession is regarded as a government grant. The Group accounts for the interest paid at concessional rate on packing credit facility availed for export of goods.</p> <p>(h) Leases</p> <p><i>As a lease:</i></p> <p>Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the principal (liability) and finance cost. The finance cost is charged to the Consolidated Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.</p> <p>Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable. Group does not have any variable lease payments.</p> <p>Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.</p> <p>Right-of-use assets are measured at cost comprising the following:</p> <ul style="list-style-type: none"> <li>• the amount of the initial measurement of lease liability</li> <li>• any lease payments made at or before the commencement date less any lease incentives received</li> <li>• any initial direct costs, and</li> <li>• restoration costs.</li> </ul> <p>Right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.</p> <p>Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis</p>
--	---

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

	<p>as an expense in the Consolidated Statement of Profit and Loss. Short-term leases are leases with a lease term of 12 months or less.</p>
(i)	<p><b>Impairment of assets</b></p> <p>The management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. If an asset is impaired, the Group recognises an impairment loss as the excess of the carrying amount of the asset over the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. An impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.</p>
(j)	<p><b>Cash and cash equivalents</b></p> <p>For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents include cash on hand, balances with banks in current accounts and EEFC accounts, fixed deposits with banks with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated balance sheet. Other bank balances include fixed deposits with original maturities of more than three months and earmarked accounts which includes unpaid dividend.</p>
(k)	<p><b>Trade receivables</b></p> <p>Trade receivables are amounts due from customers for goods sold and services performed in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment and liquidated damages.</p>
(l)	<p><b>Borrowing costs</b></p> <p>Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the year in which they are incurred.</p>
(m)	<p><b>Inventories</b></p> <p>Inventories are valued at the lower of cost and net realisable value.</p> <p>Cost of raw materials, components, stores, spares, loose tools and traded goods comprises cost of purchases. Cost of work-in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of weighted average basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.</p>
(n)	<p><b>Financial assets</b></p> <p>(I) <b>Classification</b></p> <p>The Group classifies its financial assets in the following measurement categories:</p> <ul style="list-style-type: none"> <li>• those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and</li> <li>• those measured at amortised cost.</li> </ul> <p>The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.</p>

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

	<p>For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held.</p> <p>For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.</p> <p>The Group reclassifies debt investments when and only when its business model for managing those assets changes.</p> <p>(ii) Measurement</p> <p>At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in Consolidated Statement of Profit and Loss.</p> <p>Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.</p> <p>Debt instruments</p> <p>Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments as follows:</p> <ul style="list-style-type: none"> <li>Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.</li> </ul> <p>Equity instruments</p> <p>The Group subsequently measures equity investment at fair value. The Group's Management elects to present fair value gains and losses on equity investments in other comprehensive income on an instrument by instrument basis.</p> <p>(iii) Impairment of financial assets</p> <p>The Group assesses on a forward-looking basis the expected credit loss associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Refer note 37(A) for details of credit risk.</p> <p>For trade receivables, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.</p> <p>(iv) Derecognition of financial assets</p> <p>A financial asset is derecognised only when</p> <ul style="list-style-type: none"> <li>The Group has transferred the rights to receive cash flows from the financial asset or</li> <li>retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.</li> </ul> <p>Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.</p>
--	--

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

	<p>Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.</p>												
(o)	<p><b>Derivatives</b></p> <p>The Group enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss.</p>												
(p)	<p><b>Offsetting financial instruments</b></p> <p>Financial assets and liabilities are offset, and the net amount is reported in the consolidated 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 asset 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 counterparty.</p>												
(q)	<p><b>Property, plant and equipment</b></p> <p>Freehold land is stated at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.</p> <p>Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Consolidated Statement of Profit and Loss during the reporting period in which they are incurred.</p> <p>Depreciation methods, estimated useful lives and residual value</p> <p>Depreciation is provided on the straight-line method/ written down value method over the useful lives of assets which has been assessed as under the technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, maintenance support, etc., which are different from those prescribed in Schedule II to the Companies Act, 2013 (Act) except for server and networking (SLM) and furniture and fixtures (WDV) which are same as prescribed in Schedule II to the Act. Estimated useful lives of assets are as follows:</p> <table border="1" data-bbox="544 1541 1123 1809"> <thead> <tr> <th>Asset</th> <th>Useful life</th> </tr> </thead> <tbody> <tr> <td>Buildings</td> <td>43 to 90 years (WDV)</td> </tr> <tr> <td>Plant and equipment</td> <td>09 to 21 years (SLM)</td> </tr> <tr> <td>Vehicles</td> <td>05 to 11 years (WDV)</td> </tr> <tr> <td>Office equipment</td> <td>10 years (SLM)</td> </tr> <tr> <td>Computer equipment</td> <td>06 years (SLM)</td> </tr> </tbody> </table> <p>The property, plant and equipment acquired under finance leases is depreciation over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term. Leasehold land and assets taken on lease are amortized over the period of the lease.</p> <p>The asset's residual values and useful lives are reviewed and adjusted if appropriate, at the end of the reporting period.</p>	Asset	Useful life	Buildings	43 to 90 years (WDV)	Plant and equipment	09 to 21 years (SLM)	Vehicles	05 to 11 years (WDV)	Office equipment	10 years (SLM)	Computer equipment	06 years (SLM)
Asset	Useful life												
Buildings	43 to 90 years (WDV)												
Plant and equipment	09 to 21 years (SLM)												
Vehicles	05 to 11 years (WDV)												
Office equipment	10 years (SLM)												
Computer equipment	06 years (SLM)												

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

	<p>An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.</p> <p>Net gains or net losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Consolidated Statement of Profit and Loss under other income or other expenses respectively.</p>						
(r)	<p><b>Intangible assets</b></p> <p>Intangible assets are stated at acquisition cost net of tax/ duty credits availed, if any, and net of accumulated amortisation. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Consolidated Statement of Profit and Loss. Intangible assets are amortized on the straight-line method as follows:</p> <table border="1" data-bbox="539 831 1070 965"> <thead> <tr> <th>Asset</th> <th>Useful life</th> </tr> </thead> <tbody> <tr> <td>Rights, techniques, process</td> <td>7 to 10 years</td> </tr> <tr> <td>Computer software</td> <td>3 years</td> </tr> </tbody> </table>	Asset	Useful life	Rights, techniques, process	7 to 10 years	Computer software	3 years
Asset	Useful life						
Rights, techniques, process	7 to 10 years						
Computer software	3 years						
(s)	<p><b>Trade and other payables</b></p> <p>These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are unsecured and are presented as current liabilities unless payment is not due within operating cycle determined by the Group after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.</p>						
(t)	<p><b>Provisions and Contingent liabilities</b></p> <p>Provisions are recognised when the Group has a present, legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are determined based on the best estimate required to settle the obligation at the Balance Sheet date. Provisions are reviewed at each Balance Sheet date and adjusted to reflect current best estimates. Provisions are not recognised for future operating losses. Provision for warranty is computed as a percentage of sales based on the past trends observed.</p> <p>Contingent liabilities are disclosed by way of a note to the consolidated financial statements when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.</p>						
(u)	<p><b>Employee benefits</b></p> <p>(i) <b>Short-term obligations</b></p> <p>Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated balance sheet.</p> <p>(ii) <b>Other long-term employee benefit obligations</b></p> <p>The liabilities for Other long-term employee benefits such as long service award, privileged leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected</p>						



## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

	<p>future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Consolidated Statement of Profit and Loss. The Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within twelve months and accordingly, amounts have been classified as current and non-current.</p> <p>(iii) Post-employment obligations</p> <p>The Group operates the following post-employment schemes:</p> <p>(a) Defined benefit plans-gratuity and superannuation</p> <p>(b) Defined contribution plans - provident fund</p> <p>(a) Defined benefit plans - gratuity and superannuation</p> <p>(i) Gratuity</p> <p>The Group provides for gratuity, a defined benefit plan (the “Gratuity Plan”) covering eligible employees in accordance with the Payment of Gratuity Act, 1972, as amended from time to time. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death or termination of employment, of an amount based on the respective employee’s salary and the tenure of employment.</p> <p>The liability or asset recognised in the consolidated balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.</p> <p>The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.</p> <p>The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in finance cost in the Consolidated Statement of Profit and Loss.</p> <p>Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Consolidated Statement of Changes in Equity and in the Consolidated Balance Sheet.</p> <p>Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Consolidated Statement of Profit and Loss as past service cost.</p> <p>(ii) Superannuation</p> <p>Superannuation is a benefit to certain employees (depending on the grade / category of the employee and completed years of service) per month for each completed year of service.</p> <p>(b) Defined Contribution Plans</p> <p>The Group pays provident fund contributions for all employees to publicly administered provident funds as per local regulations. The Group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefits expense when they are due.</p>
--	---



## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

(v)	<p>Dividends</p> <p>The Group recognizes provision for Dividend and the tax thereupon, if any, once the Dividend is approved by the shareholders in the annual general meeting.</p>
(w)	<p>Contributed equity</p> <p>Equity shares are classified as equity.</p> <p>Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.</p>
(x)	<p>Earnings per share</p> <p>(i) Basic Earnings per share</p> <p>Basic earnings per share is calculated by dividing:</p> <ul style="list-style-type: none"> <li>• the net profit for the period attributable to equity shareholders</li> <li>• by the weighted average number of equity shares outstanding during the financial year.</li> </ul> <p>Earnings considered in ascertaining the Group's earnings per share is the net profit for the period after deducting any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.</p> <p>(ii) Diluted Earnings per share</p> <p>Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:</p> <ul style="list-style-type: none"> <li>• the after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and</li> <li>• the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.</li> </ul>
(y)	<p>Rounding of amounts:</p> <p>Amounts disclosed in the consolidated financial statements are presented in INR in million rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013, unless otherwise stated.</p>
2.	<p><b>Significant accounting judgements, estimates and assumptions</b></p> <p>The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. Estimates and assumptions are continuously evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reliable and relevant under the circumstances. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Management believes that the estimates are the most likely outcome of future events. Detailed information about each of these estimates and judgements is described below.</p> <p>Judgements</p> <p>In the process of applying the Group's accounting policies, Management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:</p> <p>i. Legal contingencies</p> <p>The Group has received various orders and notices from tax authorities in respect of direct taxes and</p>

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

	<p>indirect taxes. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyzes current information about these matters and provides provisions for probable contingent losses including the estimate of legal expense to resolve the matters. In making the decision regarding the need for loss provisions, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Group or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.</p> <p>ii. Revenue Recognition on Contracts with Customers</p> <p>Group generate revenue from sale of Pumps, valves and related support services. Group uses judgement with respect to accounting of multiple contracts which need to be combined and considered as single contract. The Group exercises judgement with respect to identifying contracts for which revenue need to be recognised point in time or over a period of time, depending upon when customer consumes the benefit, when the control is passed to customer, whether asset created has an alternative use and whether the Group has right to payment for performance completed till date, either contractually or legally.</p> <p>iii. Ind AS 116 – Leases</p> <p>In determining the lease term, management consider all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).</p> <p>For leases of offices and equipment's, the following factors are normally the most relevant:</p> <ul style="list-style-type: none"> <li>• If there are significant penalties to terminate (or not extend), the Group is reasonably certain to extend (or not terminate).</li> <li>• If any leasehold improvements are expected to have a significant remaining value, the Group is reasonably certain to extend (or not terminate).</li> <li>• The Group consider other factors including historical lease durations and the costs and business disruption required to replace the leased asset. Most extension options in offices and equipment leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.</li> </ul> <p>The lease term is reassessed periodically whether an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.</p> <p>The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.</p> <p>Estimates and assumptions</p> <p>The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting</p>
--	--

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

	<p>date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.</p>
I.	<p><b>Warranty</b></p> <p>The Group generally offers an 18 months warranty for its products, except for certain projects where the warranty offered may be higher to meet specific project requirements. Warranty costs are determined as a percentage of sales based on the past trends of the costs required to be incurred for repairs, replacements, material costs and servicing cost. Management estimates the related closing provision as at Balance Sheet date for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past information may differ from future claims. The assumptions made in current period are consistent with those in the prior year. As the time value of money is not considered to be material, warranty provisions are not discounted. Refer note 18 for further information.</p>
ii.	<p><b>Gratuity</b></p> <p>The cost of the defined benefit gratuity plan and the present value of the gratuity 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, attrition rate, mortality rates and expected return on planned assets. 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 the year end. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on Indian Assured Lives Mortality (2012-14) Ultimate. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. For further details about gratuity obligations are given in note 31.</p>
iii.	<p><b>Recoverability of trade receivables</b></p> <p>Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment. Refer note 37(A) for further details.</p>
iv.	<p><b>Inventories</b></p> <p>An inventory provision is recognized for cases where the realizable value is estimated to be lower than the inventory carrying value. The inventory provision is estimated taking into account various factors, including prevailing sale prices of inventory item and losses associated with obsolete / slow moving / redundant inventory items. The Group has, based on these assessments, made adequate provision in the books.</p>



## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

Notes:

- (i) Refer to note 30 (c) for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- (ii) The Company has reduced the useful life of 'Plant and equipment' of Cast Iron Foundry on the basis of revised business plan effective from November 1, 2020. As a result, the accelerated depreciation of ₹ 18.18 million has been charged to the Consolidated Statement of Profit and Loss during the year ended December 31, 2022 (December 31, 2021: ₹ 18.18 million).
- (iii) Capital work-in-progress mainly includes building under construction and plant and machinery in the process of installation.
- (iv) The additions to capital work-in-progress are net after considering the transfers to property, plant and equipment. Gross additions to capital work-in-progress and transfers to property, plant and equipment are as follows:

Particulars	Capital work-in-progress	
	As at December 31, 2022	As at December 31, 2021
Opening carrying value	391.76	251.00
Additions	665.76	475.06
Transfers to property, plant and equipment	(806.09)	(334.30)
Closing carrying value	251.43	391.76

- (a) Aging of Capital work-in-progress:

Particulars	As at December 31, 2021				
	Less than one year	1 – 2 years	2 – 3 years	More than 3 years	Total
(i) Projects in progress	348.96	41.31	0.82	0.67	391.76
(ii) Projects temporarily suspended	-	-	-	-	-
Total	348.96	41.31	0.82	0.67	391.76

Particulars	As at December 31, 2022				
	Less than one year	1 – 2 years	2 – 3 years	More than 3 years	Total
(i) Projects in progress	242.38	7.58	0.19	1.28	251.43
(ii) Projects temporarily suspended	-	-	-	-	-
Total	242.38	7.58	0.19	1.28	251.43

- (b) Completion schedule for capital work-in-progress whose completion is overdue or has exceeded its cost compared to its original plan:

Particulars	As at December 31, 2021				
	Less than one year	1 – 2 years	2 – 3 years	More than 3 years	Total
(i) Projects in progress	-	-	-	-	-
(ii) Projects temporarily suspended	-	-	-	-	-
Total	-	-	-	-	-

Particulars	As at December 31, 2022				
	Less than one year	1 – 2 years	2 – 3 years	More than 3 years	Total
(i) Projects in progress	-	-	-	-	-
(ii) Projects temporarily suspended	-	-	-	-	-
Total	-	-	-	-	-

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### 4 Right-of-use assets

	Leasehold land	Buildings	Total
Gross carrying amount as at January 1, 2021	265.15	21.25	286.40
Additions	-	22.37	22.37
Disposals	-	(0.48)	(0.48)
Balance as at December 31, 2021	265.15	43.14	308.29
Accumulated depreciation as at January 1, 2021	17.01	6.47	23.48
Charge for the year (Refer note 27)	2.81	8.79	11.60
Disposals	-	(0.22)	(0.22)
Balance as at December 31, 2021	19.82	15.04	34.86
Net carrying amount as at December 31, 2021	245.33	28.10	273.43
	Leasehold land	Buildings	Total
Gross carrying amount as at January 1, 2022	265.15	43.14	308.29
Additions	-	9.06	9.06
Disposals	(0.06)	(1.82)	(1.88)
Balance as at December 31, 2022	265.09	50.38	315.47
Accumulated depreciation as at January 1, 2022	19.82	15.04	34.86
Charge for the year (Refer note 27)	2.81	9.74	12.55
Disposals	(0.02)	(1.00)	(1.02)
Balance as at December 31, 2022	22.61	23.78	46.39
Net carrying amount as at December 31, 2022	242.48	26.60	269.08

#### Details of Leases :

The Group's leasing arrangements include land and building for office premises and service stations. Leasehold land mainly pertains to manufacturing plant located at Shirwal. Rental contracts for office premises and service stations are typically made for fixed periods of 3 to 15 years, but have extension options.

#### (i) Amount recognised in the Consolidated Statement of Profit and Loss

	Note	December 31, 2022	December 31, 2021
Interest expense on lease liabilities	26	2.87	2.71
Depreciation on right-of-use assets	27	12.55	11.60
Expenses related to short term leases (included in Miscellaneous expenses in Other expenses)	28	3.16	1.29

The total cash outflow for the year ended December 31, 2022 for leases is ₹ 15.29 million (December 31, 2021: ₹ 11.94 million).

#### (ii) Extension and Termination option :

Extension and termination options are included in a number of lease contracts. These terms are used to maximise operational flexibility in terms of managing contracts.

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### 5 Other Intangible assets

	Copyrights, patents and other intellectual property rights, services and operating rights	Computer software	Total
Gross carrying amount as at January 1, 2021	59.26	95.82	155.08
Additions	-	10.25	10.25
Disposals	(59.26)	(0.12)	(59.38)
Balance as at December 31, 2021	-	105.95	105.95
Accumulated Amortisation			
Balance as at January 1, 2021	57.71	83.66	141.37
Charge for the year (Refer note 27)	0.74	9.00	9.74
Disposals	(58.45)	(0.12)	(58.57)
Balance as at December 31, 2021	-	92.54	92.54
Net carrying amount as at December 31, 2021	-	13.41	13.41

	Copyrights, patents and other intellectual property rights, services and operating rights	Computer software	Total
Gross carrying amount as at January 1, 2022	-	105.95	105.95
Additions	-	13.05	13.05
Disposals	-	-	-
Balance as at December 31, 2022	-	119.00	119.00
Accumulated Amortisation			
Balance as at January 1, 2022	-	92.54	92.54
Charge for the year (Refer note 27)	-	9.41	9.41
Disposals	-	-	-
Balance as at December 31, 2022	-	101.95	101.95
Net carrying amount as at December 31, 2022	-	17.05	17.05

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### 6(a) Investments

	As at December 31, 2022	As at December 31, 2021
Investment in associate		
KSB MIL Controls Ltd. equity shares (December 31, 2021 - 735,000 equity shares) of ₹ 10 each fully paid	741.61	697.48
Investment in equity instruments of other entities Mula Pravara Electric Co - operative Society Ltd. - 15,995 equity shares (December 31, 2021 - 15,995 equity shares) of ₹ 25 each fully paid	0.40	0.40
Total (unquoted investments)	742.01	697.88
Less : Aggregate amount of provision for impairment in the value of investments	(0.40)	(0.40)
Total Investments	741.61	697.48

### 6(b) Loans

	As at December 31, 2022	As at December 31, 2021
Non-current		
Unsecured, considered good Loans to employees	91.19	83.57
Total	91.19	83.57
Current		
Unsecured, considered good Loans and advances to employees	39.34	27.08
Total	39.34	27.08

### 7 Trade receivables

	As at December 31, 2022	As at December 31, 2021
Trade receivables	3,818.04	2,865.45
Trade receivables from related parties (Refer note 32)	525.73	312.95
	4,343.77	3,178.40
Less: Loss allowance	(209.00)	(253.21)
Total	4,134.77	2,925.19
Current portion	4,036.53	2,779.83
Non-current portion	98.24	145.36



## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### Break-up of security details

	As at December 31, 2022	As at December 31, 2021
Trade receivables considered good - Unsecured	4,134.77	2,925.19
Trade receivables - credit impaired	209.00	253.21
	<u>4,343.77</u>	<u>3,178.40</u>
Less: Loss allowance	(209.00)	(253.21)
Total	<u>4,134.77</u>	<u>2,925.19</u>

### Aging of trade receivables

	Not due	As at December 31, 2021					
		Outstanding for following periods from the due date					
		Less than 6 months	6 months 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed trade receivables considered good	1,372.07	829.52	275.16	277.55	132.54	37.55	2,925.19
which have significant increase in credit risk credit impaired	-	-	-	-	-	-	-
	-	1.17	23.21	61.42	21.40	101.66	208.86
Disputed trade receivables considered good	-	-	-	-	-	-	-
which have significant increase in credit risk credit impaired	-	-	-	-	-	-	-
	-	-	0.60	13.75	-	30.00	44.35
Total	<u>1,372.07</u>	<u>830.69</u>	<u>299.75</u>	<u>352.72</u>	<u>153.94</u>	<u>169.21</u>	<u>3,178.40</u>

	Not due	As at December 31, 2022					
		Outstanding for following periods from the due date					
		Less than 6 months	6 months 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed trade receivables considered good	1,375.78	2,171.40	257.31	130.89	66.39	133.00	4,134.77
which have significant increase in credit risk credit impaired	-	-	-	-	-	-	-
	-	80.95	4.00	13.69	12.12	51.71	162.47
Disputed trade receivables considered good	-	-	-	-	-	-	-
which have significant increase in credit risk credit impaired	-	-	-	-	-	-	-
	-	-	-	2.96	14.23	29.34	46.53
Total	<u>1,375.78</u>	<u>2,252.35</u>	<u>261.31</u>	<u>147.54</u>	<u>92.74</u>	<u>214.05</u>	<u>4,343.77</u>

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### 8 (a) Cash and cash equivalents

	As at December 31, 2022	As at December 31, 2021
Balances with banks		
In current accounts	135.43	96.80
In EEFC accounts	143.68	184.04
Deposits with original maturity of less than three months	40.00	284.30
Cash on hand	0.43	0.51
Total	<u>319.54</u>	<u>565.65</u>

### 8 (b) Bank balances other than 8 (a) above

	As at December 31, 2022	As at December 31, 2021
Balances with banks		
Fixed deposits*	2,283.58	2,973.27
In earmarked accounts		
Unpaid dividend accounts	6.95	6.38
Total	<u>2,290.53</u>	<u>2,979.65</u>

\*Includes ₹ 1,018.91 million (December 31, 2021: ₹ 1,137.88 million) held as lien by bank against credit facilities.

### 9 Other financial assets

	As at December 31, 2022	As at December 31, 2021
Non-current		
Unsecured, considered good		
Security deposits	46.33	38.70
Unsecured, considered doubtful		
Security deposits	5.30	5.30
	51.63	44.00
Less: Provision for doubtful security deposits	(5.30)	(5.30)
Total	<u>46.33</u>	<u>38.70</u>
Current		
Interest accrued on deposits with banks	89.94	100.28
Derivative asset	-	0.96
Total	<u>89.94</u>	<u>101.24</u>

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### 10 Inventories

	As at December 31, 2022	As at December 31, 2021
Raw materials (includes in transit ₹ 132.14 million; December 31, 2021: ₹ 84.79 million)	1,671.97	1,052.21
Work-in-progress	2,797.47	2,197.82
Finished goods (includes in transit ₹ 255.97 million; December 31, 2021: ₹ 131.19 million)	867.69	746.42
Stock-in-trade	192.89	163.76
Stores and spares	74.38	62.32
Loose tools	6.49	8.31
Total	5,610.89	4,230.84

The cost of inventories recognised as an expense during the year is disclosed in Note 22, 23 and 24. The cost of inventories recognised as an expense include write-down of inventories of ₹ 120.51 million (December 31, 2021: ₹ 55.44 million) & reversal of write-down of inventories of ₹ 174.21 million (December 31, 2021: ₹ 46.10 million).

### 11 Other non-current assets

	As at December 31, 2022	As at December 31, 2021
Capital advances	366.31	12.77
Advances other than capital advances		
Prepaid expenses	4.28	1.54
Balances with government authorities		
Considered good	199.07	200.28
Considered doubtful	3.28	4.49
	202.35	204.77
Less: Provision for doubtful balances	(3.28)	(4.49)
	199.07	200.28
Total	569.66	214.59

### 12 Other current assets

	As at December 31, 2022	As at December 31, 2021
Prepaid expenses	17.79	10.90
Advances to related parties (Refer note 32)	-	3.88
Balances with government authorities		
Considered good	49.10	141.14
Considered doubtful	28.65	28.65
	77.75	169.79
Less: Provision for doubtful balances	(28.65)	(28.65)
	49.10	141.14
Others*		
Considered good	284.46	362.03
Considered doubtful	11.59	11.59
	296.05	373.62
Less: Provision for doubtful balances	(11.59)	(11.59)
	284.46	362.03
Total	351.35	517.95

\*Others includes export incentives receivable and advances paid to suppliers which would be subsequently settled against purchases.

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### 13 (a) Deferred tax assets (net)

The balance of deferred tax comprises temporary differences attributable to:

	As at December 31, 2022	As at December 31, 2021
Deferred tax assets		
Provision for compensated absences, gratuity, superannuation and long service award	106.37	147.33
Provision for loss allowance and doubtful advances	64.98	76.42
Fair value loss on derivative instruments	0.55	-
Others (including allowances on payment basis)	74.66	79.47
	<u>246.56</u>	<u>303.22</u>
Deferred tax liabilities		
Impact of difference between income tax depreciation and Ind AS depreciation/amortisation	79.71	83.26
Fair value gain on derivative instruments	-	0.24
Unremitted earnings of associate	179.73	168.62
	<u>259.44</u>	<u>252.12</u>
Deferred tax assets/(liabilities) (net)	<u>(12.88)</u>	<u>51.10</u>

Changes in Deferred tax assets/ (liabilities) in Consolidated Statement of Profit and Loss including Other Comprehensive Income [ credited / (charged) during the year ]

	Year Ended December 31, 2022	Year Ended December 31, 2021
Provision for compensated absences, gratuity, superannuation and long service award	(40.96)	19.98
Provision for loss allowance and doubtful advances	(11.44)	4.20
Impact of difference between income tax depreciation and Ind AS depreciation/amortisation	3.55	12.62
Fair value of derivative instruments	0.79	1.42
Unremitted earnings of associate	(11.11)	(9.41)
Others	(4.81)	13.36
Total	<u>(63.98)</u>	<u>42.17</u>

### 13 (b) Income taxes

The major components of income tax expense for the year ended December 31, 2022 and December 31, 2021 are:  
Consolidated Statement of Profit and Loss

	Year ended December 31, 2022	Year ended December 31, 2021
Current income tax		
- Current tax on profit for the current year	533.63	561.03
- Adjustments for current tax of prior periods	4.88	(0.53)
	<u>538.51</u>	<u>560.50</u>
Deferred tax	86.77	(44.32)
Total tax expense reported in the Consolidated Statement of Profit and Loss	<u>625.28</u>	<u>516.18</u>

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

Other comprehensive income	Year ended December 31, 2022	Year ended December 31, 2021
Deferred tax relating to remeasurement of post employment benefit obligations	22.79	(2.15)
Income tax credit to Other comprehensive income	22.79	(2.15)

Movement in income tax liabilities / (assets) (net)	As at December 31, 2022	As at December 31, 2021
Opening balance [payable/ (receivable)]	(144.93)	57.14
Add : Current tax payable (including tax for prior period)	538.51	560.50
Less : Taxes paid (including tax paid for prior period, net of refunds)	(604.35)	(762.57)
Closing balance [payable/ (receivable)]	(210.77)	(144.93)
Assets for current tax (net)	(210.77)	(162.57)
Current tax liabilities (net)	-	17.64

Reconciliation of tax expense and accounting profit multiplied by statutory income tax rate :

	Year ended December 31, 2022	Year ended December 31, 2021
Accounting profit before tax	2,452.69	2,010.07
Tax at statutory income tax rate of 25.17% (2021: 25.17%)	617.29	505.93
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
- Dividend Income	(8.14)	-
- Donations	7.71	6.66
- Other items	3.54	4.12
Adjustments for current-tax of prior periods	4.88	(0.53)
Income tax expense	625.28	516.18

### 14 (a) Equity share capital

	As at December 31, 2022	As at December 31, 2021
Authorised equity share capital : 4,00,00,000 (December 31, 2021 : 4,00,00,000) Equity shares of ₹ 10 each	400.00	400.00
Total	400.00	400.00
Issued, subscribed and paid up : 3,48,07,844 (December 31, 2021 : 3,48,07,844) Equity shares of ₹ 10 each	348.08	348.08
Total	348.08	348.08

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

(i) Reconciliation of number of equity shares

	As at December 31, 2022	As at December 31, 2021
Shares outstanding at the beginning and end of the year	34,807,844	34,807,844

(ii) Rights, preferences and restrictions attached to equity shares

There is only one class of shares referred to as equity shares having a face value of ₹ 10 per share. Each equity shareholder is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation of the Group, the equity shareholders will be entitled to receive remaining assets of the Group, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iii) Shares of the Company held by Ultimate Holding Company/Holding Company and/or their Subsidiaries/Associates

	As at December 31, 2022	As at December 31, 2021
Canadian Kay Pump Ltd. (Holding Company)	1,41,10,848	1,41,10,848

(iv) Details of equity shares held by shareholders holding more than 5% of the aggregate equity shares in the Company

Name of the shareholder	As at December 31, 2022		As at December 31, 2021	
	% holding	No. of shares	% holding	No. of shares
Canadian Kay Pump Ltd.	40.54%	1,41,10,848	40.54%	1,41,10,848
Industrial & Prudential Investment Co. Ltd.	21.55%	75,00,000	20.80%	72,40,000

(v) Details of shareholding of promoters:

Name of Shareholders	As at December 31, 2022			As at December 31, 2021		
	No. of shares	% holding	% change during the year	No. of Shares	% holding	% change during the year
Canadian Kay Pump Ltd.	1,41,10,848	40.54%	-	1,41,10,848	40.54%	-
Vikram Swarup Family Trust	60,400	0.17%	-	60,400	0.17%	-
Vikram Swarup	40,000	0.11%	-	40,000	0.11%	-
Gaurav Swarup	34,000	0.10%	-	34,000	0.10%	-
Bindu Vikram Swarup	16,000	0.05%	-	16,000	0.05%	-
Parul Swarup	3,058	0.01%	-	3,058	0.01%	-
Paharpur Cooling Towers Limited	14,50,000	4.17%	-	14,50,000	4.17%	-
New Holding And Trading Co Ltd	-	0.00%	-0.75%	2,60,000	0.75%	-
Industrial & Prudential Investment Co. Ltd.	75,00,000	21.55%	0.75%	72,40,000	20.80%	0.29%

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

- (vi) There were neither shares bought back nor allotted either as fully paid bonus shares or under any contract without payment being received in cash, during the five years immediately preceding December 31, 2022.

### 14 (b) Other equity

- (i) Retained earnings

	As at December 31, 2022	As at December 31, 2021
Opening balance	8,670.88	7,468.68
Profit for the year	1,827.41	1,493.89
	<u>10,498.29</u>	<u>8,962.57</u>
Items of other comprehensive income recognised directly in retained earnings	(69.53)	4.18
Remeasurement of post-employment benefit obligations (net of tax)		
Less: Dividend paid	<u>(435.10)</u>	<u>(295.87)</u>
Closing Balance	<u>9,993.66</u>	<u>8,670.88</u>
Total Retained earnings	<u>9,993.66</u>	<u>8,670.88</u>

- (ii) Other reserves

	As at December 31, 2022	As at December 31, 2021
Capital reserve [Refer note (i) below]	0.09	0.09
Capital redemption reserve [Refer note (i) below]	0.10	0.10
Securities premium [Refer note (i) below]	3.20	3.20
General reserve [Refer note (ii) below]	1,085.97	1,085.97
Amalgamation reserve [Refer note (i) below]	<u>0.06</u>	<u>0.06</u>
Total Other reserves	<u>1,089.42</u>	<u>1,089.42</u>
Total Other equity	<u>11,083.08</u>	<u>9,760.30</u>

Nature and purpose of Other reserves:

- (i) These reserves pertain to reserve arising on amalgamations in the past, which is required to be statutorily maintained and cannot be distributed to the shareholders.
- (ii) This reserve represents amounts transferred from retained earnings in earlier years as per the requirements of the erstwhile Companies Act, 1956. The reserve is a free reserve.

### 15 Lease liabilities

	As at December 31, 2022	As at December 31, 2021
Non-current lease liabilities	19.51	20.34
Current lease liabilities	9.31	9.55
Total	<u>28.82</u>	<u>29.89</u>

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### 16 Trade payables

	As at December 31, 2022	As at December 31, 2021
Total outstanding dues of micro enterprises and small enterprises	482.97	212.05
	<u>482.97</u>	<u>212.05</u>
Total outstanding dues of creditors other than micro enterprises and small enterprises		
(i) Related parties (Refer note 32)	479.95	718.16
(ii) Others	2,179.75	1,861.34
	<u>2,659.70</u>	<u>2,579.50</u>
Total	<u><u>3,142.67</u></u>	<u><u>2,791.55</u></u>

### Aging of trade payables

	As at December 31, 2021						
	Unbilled	Not due	Outstanding for following periods from the due date				Total
			less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade payables							
Micro enterprises and small enterprises	-	171.84	40.21	-	-	-	212.05
Others	697.50	992.05	680.66	101.11	15.60	65.51	2,552.43
Disputed trade payables							
Micro enterprises and small enterprises	-	-	-	-	-	-	-
Others	-	-	-	0.58	-	26.49	27.07
Total	<u>697.50</u>	<u>1,163.89</u>	<u>720.87</u>	<u>101.69</u>	<u>15.60</u>	<u>92.00</u>	<u>2,791.55</u>
	As at December 31, 2022						
	Unbilled	Not due	Outstanding for following periods from the due date				Total
			less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade payables							
Micro enterprises and small enterprises	-	364.90	118.07	-	-	-	482.97
Others	688.29	1,082.45	750.54	38.26	39.91	33.18	2,632.63
Disputed trade payables							
Micro enterprises and small enterprises	-	-	-	-	-	-	-
Others	-	-	-	-	0.58	26.49	27.07
Total	<u>688.29</u>	<u>1,447.35</u>	<u>868.61</u>	<u>38.26</u>	<u>40.49</u>	<u>59.67</u>	<u>3,142.67</u>

Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

The Group has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The information as required to be disclosed under MSMED Act has been determined to the extent such parties have been identified on the basis of information available with the Group.



## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

	December 31, 2022	December 31, 2021
a) i) The principal amount remaining unpaid to any supplier as at the year end	482.35	200.67
ii) The interest due remaining unpaid to any supplier as at the year end	0.53	0.21
b) The amount of interest paid under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year	27.43	-
c) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	9.04
d) The amount of interest accrued and remaining unpaid as at the year end	0.62	11.38
e) The amount of further interest due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the MSMED Act, 2006	-	-

### 17 Other financial liabilities-current

	As at December 31, 2022	As at December 31, 2021
Security deposits	111.56	114.33
Unclaimed dividend	6.95	6.38
Payable for purchase of property, plant and equipment	174.91	189.86
Derivative liability	2.18	-
Dealer incentive schemes	298.36	392.46
Payable to employees	139.93	121.12
Other financial liabilities	-	3.00
Total	<u>733.89</u>	<u>827.15</u>

### 18 (a) Provisions - Non-current

	As at December 31, 2022	As at December 31, 2021
Provision for employee benefits (Refer note 31)	355.93	482.60
Provision for warranty [Refer note (ii) below]	77.17	34.07
Total	<u>433.10</u>	<u>516.67</u>

### 18 (b) Provisions - Current

	As at December 31, 2022	As at December 31, 2021
Provision for employee benefits [Refer note (i) below]	312.46	281.55
Provision for warranty [Refer note (ii) below]	50.55	119.54
Provision for litigations / contingencies [Refer note (iii) below]	139.93	139.66
Total	<u>502.94</u>	<u>540.75</u>

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

Notes:

- (i) Includes provision for employee bonus and incentives. For details of gratuity, superannuation, compensated absences and long service award, refer note 31.
- (ii) The Group offers warranty for its products. Provision for warranty is computed as a percentage of sales based on the past trends observed. The time value of money is considered to be not material and hence the provisions are not discounted. It is expected that this expenditure will be incurred over the contractual warranty period.
- (iii) Provision is towards contingencies in respect of disputed claims against the Group, the quantum of outflow and timing of which is presently unascertainable.

Movement in provisions

	Provision for warranty	Provision for litigations / contingencies
As at January 1, 2021		
Balance at the beginning	121.73	138.22
Charged to the Consolidated Statement of Profit & Loss		
Provision recognised (net of reversal)	80.19	1.80
Amounts used during the year	(48.31)	(0.36)
As at December 31, 2021	<u>153.61</u>	<u>139.66</u>
	Provision for warranty	Provision for litigations / contingencies
As at January 1, 2022		
Balance at the beginning	153.61	139.66
Charged to the Consolidated Statement of Profit and Loss		
Provision recognised (net of reversal)	32.81	0.27
Amounts used during the year	(58.70)	-
As at December 31, 2022	<u>127.72</u>	<u>139.93</u>

### 19 Other current liabilities

	As at December 31, 2022	As at December 31, 2021
Statutory dues payable	49.99	25.75
Advances from customers*	1,912.67	1,235.96
Total	<u>1,962.66</u>	<u>1,261.71</u>

\*Notes:

- i) During the year ended December 31, 2022, the Group have recognised ₹ 359.97 million (December 31, 2021: ₹ 346.21 million) as revenue from the Advances from customer outstanding as at the beginning of the year.
- ii) Advances from customers have increased in current year mainly on account of advance received during the year ended December 31, 2022 as per contractual terms with customers.

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### 20 Revenue from operations

	Year ended December 31, 2022	Year ended December 31, 2021
Revenue from contracts with customers		
Sale of products	17,870.54	14,660.14
Sale of services	212.16	150.44
	18,082.70	14,810.58
Other operating revenue		
Sale of scrap	67.54	54.19
Export incentives	69.36	108.14
	136.90	162.33
Revenue from operations	18,219.60	14,972.91

Notes:

#### (i) Disaggregated revenue information

The table below presents disaggregated revenue from contracts with customers for the year ended December 31, 2022 and December 31, 2021. The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors.

	Year ended December 31, 2022	Year ended December 31, 2021
Geographical location of customer		
Within India	15,531.70	11,785.04
Outside India	2,551.00	3,025.54
Revenue from contracts with customers	18,082.70	14,810.58
Segment		
Pumps	15,105.12	12,474.16
Valves	2,977.58	2,336.42
Revenue from contracts with customers	18,082.70	14,810.58

#### (ii) Reconciliation of revenue recognized with contract price :

	Year ended December 31, 2022	Year ended December 31, 2021
Contract price	18,394.03	15,244.25
Adjustments for discounts, incentives, liquidated damages, price reductions	(311.33)	(433.67)
Revenue from contracts with customers	18,082.70	14,810.58

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### 21 Other income

	Year ended December 31, 2022	Year ended December 31, 2021
Interest income		
- Interest income from financials assets measured at amortised cost	152.53	179.73
- Others	41.27	16.03
Sundry credit balances and provisions no longer required, written back	14.42	3.77
Net gain on disposal of property, plant and equipment	13.49	-
Net gain on foreign currency transactions and translations	120.52	83.82
Miscellaneous income	79.61	53.59
Total	<u>421.84</u>	<u>336.94</u>

### 22 Cost of materials consumed

	Year ended December 31, 2022	Year ended December 31, 2021
Opening stock of raw materials	1,052.21	1,093.20
Add: Purchases	9,562.09	7,171.56
Less: Closing stock of raw materials	1,671.97	1,052.21
	<u>8,942.33</u>	<u>7,212.55</u>

### 23 Purchases of stock-in-trade

	Year ended December 31, 2022	Year ended December 31, 2021
Purchases of stock-in-trade	1,687.73	1,353.31
Total	<u>1,687.73</u>	<u>1,353.31</u>

### 24 Change in inventories of finished goods, work-in-progress and stock-in-trade

	Year ended December 31, 2022	Year ended December 31, 2021
Opening inventory		
- Finished goods	746.42	641.92
- Work-in-progress	2,197.82	1,721.82
- Stock-in-trade	163.76	102.65
	<u>3,108.00</u>	<u>2,466.39</u>
Less: Closing inventory		
- Finished goods	867.69	746.42
- Work-in-progress	2,797.47	2,197.82
- Stock-in-trade	192.89	163.76
	<u>3,858.05</u>	<u>3,108.00</u>
Net change in inventories	<u>(750.05)</u>	<u>(641.61)</u>

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

25 Employee benefit expense	Year ended December 31, 2022	Year ended December 31, 2021
Salaries and wages	2,094.99	1,892.66
Contributions to provident and other funds	160.51	131.41
Staff welfare expenses	183.47	129.68
Total	2,438.97	2,153.75
26 Finance costs	Year ended December 31, 2022	Year ended December 31, 2021
Interest on borrowings	41.11	32.55
Interest expense on lease liabilities (Refer note 4)	2.87	2.71
Net interest expense on defined benefit obligations (Refer note 31)	17.28	15.14
Total	61.26	50.40
27 Depreciation and amortisation expenses	Year ended December 31, 2022	Year ended December 31, 2021
Depreciation of property, plant and equipment (Refer note 3)	430.65	414.00
Depreciation of right-of-use assets (Refer note 4)	12.55	11.60
Amortisation of intangible assets (Refer note 5)	9.41	9.74
Total	452.61	435.34
28 Other expenses	Year ended December 31, 2022	Year ended December 31, 2021
Processing and machining charges	866.20	680.00
Stores consumed	408.02	285.85
Tools consumed	50.86	73.60
Water, power and fuel	247.82	215.01
Rates and taxes	2.95	35.69
Insurance	35.98	31.54
Repairs and maintenance		
- Buildings	50.09	53.31
- Machinery	56.71	55.80
- Others	69.16	54.76
Travelling and conveyance	140.80	58.65
Packing and forwarding charges	421.38	321.84
(Net of recoveries - ₹ 27.29 million; December 31, 2021 - ₹ 27.20 million)		
Export selling agents	1.19	40.26
Other selling agents	22.84	11.48
Royalty charges	324.39	216.82
Expenditure on Corporate Social Responsibility [Refer note i below]	32.62	26.46
Fair value losses in derivative financial instruments	3.14	5.64
Legal and professional fees	50.67	29.97

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

Net loss on disposal of property, plant and equipment	-	3.69
Other computer services	45.15	147.82
Advertisements and catalogues	87.58	9.26
Miscellaneous expenses	516.58	442.79
Total	3,434.13	2,800.24
(i) Expenditure on Corporate Social Responsibility	December 31, 2022	December 31, 2021
Contribution to KSB Care Charitable Trust	32.62	26.46
Expenditure towards other CSR activities	-	-
Total	32.62	26.46
Gross amount required to be spent by the Group during the year	32.62	26.46
Total	32.62	26.46
Amount spent during the year on :	In cash	
	December 31, 2022	December 31, 2021
a. Construction/ acquisition of any asset	-	-
b. On purposes other than (a) above	32.62	26.46
Total	32.62	26.46
Nature of CSR activities - Education, Skill development, Healthcare, Destitute care, Environment, Sanitation.		
(ii) Payment to auditors (included in legal and professional fees)	Year ended December 31, 2022	Year ended December 31, 2021
As auditor		
Audit fee (Including limited review and audit of consolidated financial statements)	2.90	2.81
In Other Capacities		
Fees for other services	0.80	0.90
Reimbursement of expenses	0.04	0.06
Total	3.74	3.77
<b>29 Earnings per equity share</b>	As at December 31, 2022	As at December 31, 2021
Profit for the year attributable to the equity shareholders of the Company	1,827.41	1,493.89
Weighted average number of equity shares	3,48,07,844	3,48,07,844
Basic and Diluted Earnings per share (in ₹)	52.50	42.92

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### 30 Contingencies and commitments

#### a) Contingent liabilities

	As at December 31, 2022	As at December 31, 2021
Claims against the Group not acknowledged as debts	96.13	83.51
Income tax	548.71	3.21
Goods and Services Tax, Excise and Service tax	1,120.51	1,097.93
Total	1,765.35	1,184.65

b) The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by Group towards Provident Fund and Gratuity. The draft rules for the Code on Social Security, 2020 have been released by the Ministry of Labour and Employment on November 13, 2020. The Group is in the process of assessing the additional impact on Provident Fund contributions and on Gratuity liability contributions and will complete their evaluation and give appropriate impact in the financial statements in the period in which the rules are notified become effective.

#### c) Capital commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is ₹ 475.22 million (December 31, 2021: ₹ 173.66 million)

### 31 Employee benefit obligations

Particulars	As at December 31, 2022	As at December 31, 2021
Compensated absences (Refer note B)	304.80	262.30
Non-current	245.61	225.90
Current	59.19	36.40
Long service award (Refer note C)	51.09	50.74
Non-current	23.88	36.05
Current	27.21	14.69
Gratuity (Refer note D)	100.37	248.21
Non-current	71.51	199.60
Current	28.86	48.61
Superannuation (Refer note E)	17.46	24.14
Non-current	14.93	21.05
Current	2.53	3.09

#### A Defined contribution plan :

Contributions are made to provident fund at a fixed percentage of employee's salary as per the regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Group is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the year towards contribution to provident fund is ₹ 96.85 million (December 31, 2021 - ₹ 82.60 million).

#### B Compensated absences :

The leave obligations cover the Group's liability for privilege leave and sick leave. The amount of provision made during the year is ₹ 82.93 million (December 31, 2021 - ₹ 42.61 million). The Group does not have an unconditional right to defer settlement for any of these obligations. However, based on the past experience, the Group does not expect payment of the entire amount of accrued leaves or availment of the entire number of accrued leaves by employees within twelve months and accordingly, amounts have been classified as current and non-current.

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### C Long service award :

The Group award all the employees who complete 25 years of service in the Group and the Workmen employees who complete 20 or more years of service in the Group but unable to complete 25 years due to superannuation. The amount of provision made during the year is ₹ 14.75 million (December 31, 2021 - ₹ 50.74).

#### Significant estimates

The significant actuarial assumptions were as follows :

	As at December 31, 2022	As at December 31, 2021
Discount rate	7.30%	6.35%
Gold Inflation rate	8.00%	5.00%
Attrition rate	7.00%	7.00%

### D Gratuity :

The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employee's last drawn basic salary per month computed proportionately for 15 days to one month's salary multiplied for the number of years of service. The gratuity plan is a funded plan.

(I) The amounts recognised in balance sheet and movements in the net benefit obligation over the year are as follows :

Particulars	Present value of obligation	Fair value of plan assets	Net amount
January 1, 2021	756.58	(533.93)	222.65
Current service cost	46.94	-	46.94
Interest expense/(income)	45.36	(32.01)	13.35
Total amount recognised in Statement of Profit and Loss	92.30	(32.01)	60.29
Return on plan assets	-	(2.66)	(2.66)
(Gain)/loss from experience changes	12.90	-	12.90
(Gain)/loss from change in financial assumptions	(16.35)	-	(16.35)
Total amount recognised in Other Comprehensive Income	(3.45)	(2.66)	(6.11)
Employer contributions	-	(3.15)	(3.15)
Benefits paid	(48.61)	23.14	(25.47)
December 31, 2021	796.82	(548.61)	248.21
Particulars	Present value of obligation	Fair value of plan assets	Net amount
January 1, 2022	796.82	(548.61)	248.21
Current service cost	59.05	-	59.05
Interest expense/(income)	50.56	(34.82)	15.74
Total amount recognised in Statement of Profit & Loss	109.61	(34.82)	74.79
Return on plan assets	-	-	-
(Gain)/loss from experience changes	143.71	-	143.71
(Gain)/loss from change in financial assumptions	(51.66)	-	(51.66)
Total amount recognised in Other Comprehensive Income	92.05	-	92.05
Employer contributions	-	(314.68)	(314.68)
Benefits paid	(58.31)	58.31	-
December 31, 2022	940.17	(839.80)	100.37



## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

(II)	The net liability disclosed above relates to funded plans are as follows:		
	Particulars	As at December 31, 2022	As at December 31, 2021
	Present value of funded obligation	940.17	796.82
	Fair value of plan assets	(839.80)	(548.61)
	Deficit	<u>100.37</u>	<u>248.21</u>
(III)	Significant estimates		
	The significant actuarial assumptions were as follows :		
	Particulars	As at December 31, 2022	As at December 31, 2021
	Discount rate	7.30%	6.35%
	Salary growth rate	7.50%	7.50%
	Attrition rate	7.00%	7.00%
(IV)	Sensitivity of actuarial assumptions		
	The sensitivity of defined benefit obligation to changes in the weighted principal assumptions is:		
		Impact on defined benefit obligation [Increase / (Decrease)]	
		As at December 31, 2022	As at December 31, 2021
	Discount rate		
	1 % increase	(49.37)	(43.68)
	1 % decrease	54.60	48.44
	Future salary increase		
	1 % increase	56.69	51.53
	1 % decrease	(54.02)	(47.78)
	Attrition rate		
	1 % increase	(2.07)	(4.80)
	1 % decrease	2.74	3.57

The above sensitivity analysis have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method is used to calculate the liability recognised in the Consolidated Balance Sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

Projected benefits payable from the fund in future years from the date of reporting:

		As at December 31, 2022	As at December 31, 2021
	Upto 1 year	102.29	90.57
	Between 2 to 5 years	445.31	348.84
	Between 6 to 10 years	527.36	427.45
	More than 10 years	451.06	357.13
	Total	<u>1,526.02</u>	<u>1,223.99</u>

The weighted average duration of the defined benefit obligation is 6 years. (December 31, 2021: 6 years)

(V)	The major categories of plan assets are as follows:		
	Particulars	As at December 31, 2022	As at December 31, 2021
	Funds managed by insurer	100%	100%

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### E Superannuation

The Group provides for superannuation for employees qualifying specified eligibility criteria. The amount of superannuation payable on retirement/termination is computed on the basis of employee's category and number of years of service. The superannuation plan is a funded plan.

### (I) The amounts recognised in balance sheet and movements in the net benefit obligation over the year are as follows :

Particulars	Present value of obligation	Fair value of plan assets	Net amount
January 1, 2021	32.34	(2.51)	29.83
Current service cost	1.75	-	1.75
Interest expense/(income)	1.94	(0.15)	1.79
Total amount recognised in Statement of Profit and Loss	3.69	(0.15)	3.54
Return on plan assets	-	(0.02)	(0.02)
(Gain)/loss from experience changes	(1.94)	-	(1.94)
(Gain)/loss from change in financial assumptions	(0.47)	-	(0.47)
Total amount recognised in Other Comprehensive Income	(2.41)	(0.02)	(2.43)
Employer contributions	-	(6.80)	(6.80)
Benefits paid	(3.26)	3.26	-
December 31, 2021	30.36	(6.22)	24.14

Particulars	Present value of obligation	Fair value of plan assets	Net amount
January 1, 2022	30.36	(6.22)	24.14
Current service cost	1.77	-	1.77
Interest expense/(income)	1.93	(0.39)	1.54
Total amount recognised in Statement of Profit and Loss	3.70	(0.39)	3.31
Return on plan assets	-	-	-
(Gain)/loss from experience changes	(0.24)	-	(0.24)
(Gain)/loss from change in financial assumptions	(1.25)	-	(1.25)
Total amount recognised in Other Comprehensive Income	(1.49)	-	(1.49)
Employer contributions	-	(8.50)	(8.50)
Benefits paid	(3.85)	3.85	-
December 31, 2022	28.72	(11.26)	17.46

### (II) The net liability disclosed above relates to funded plans are as follows :

Particulars	As at December 31, 2022	As at December 31, 2021
Present value of funded obligation	28.72	30.36
Fair value of plan assets	(11.26)	(6.22)
Deficit	17.46	24.14

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

(III) Significant estimates

The significant actuarial assumptions were as follows :

Particulars	As at December 31, 2022	As at December 31, 2021
Discount rate	7.30%	6.35%
Attrition rate	7.00%	7.00%

(IV) Sensitivity of actuarial assumptions

The sensitivity of defined benefit obligation to changes in the weighted principal assumptions is:

Assumption	Impact on defined benefit obligation [ Increase / (Decrease) ]	
	As at December 31, 2022	As at December 31, 2021
Discount rate		
1 % increase	(1.22)	(1.28)
1 % decrease	1.32	1.39
Attrition rate		
1 % increase	(0.32)	(0.26)
1 % decrease	0.26	0.33

The above sensitivity analysis have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method is used to calculate the liability recognised in the Consolidated Balance Sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

Projected benefits payable from the fund in future years:

	As at December 31, 2022	As at December 31, 2021
Upto 1 year	6.46	9.31
Between 2 to 5 years	15.69	14.70
Between 6 to 10 years	13.48	11.12
More than 10 years	5.94	6.56
Total	41.57	41.69

The weighted average duration of the defined benefit obligation is 4 years. (December 31, 2021: 4 years)

(V) The major categories of plan assets are as follows:

Particulars	As at December 31, 2022	As at December 31, 2021
Funds managed by insurer	100%	100%

Risk exposure for the above plans

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

(i) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. In managing the plan assets, Board of Trustees reviews and manages these risks associated with the funded plan. Each year, the Board of Trustees reviews the level of funding in the gratuity plan. Such a review includes asset -

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

liability matching strategy and investment risk management policy (which includes contributing to plans that invest in risk averse markets).

(ii) Asset volatility

All plan assets are maintained in a trust fund managed by a public sector insurer i.e., LIC of India. 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. A single account is maintained for both the investment and claim settlement and hence, 100% liquidity is ensured. Also, interest rate and inflation risk are taken care of.

(iii) Discount rate risk

The present value of the defined benefit obligation is calculated using discount rate based on Government bonds. The decrease in the bond yield will increase the defined benefit obligation, however the same will be partially offset by an increase in value of plan assets.

(iv) Future salary escalation risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in salary of the plan participants will increase the defined benefit obligation.

### 32 Disclosure pursuant to Ind AS 24 'Related party transactions':

A Name of the related parties and nature of relationship

a.	Ultimate Parent Entity / Ultimate Controlling Party KSB Stiftung and Kuborth Stiftungs GmbH
b.	Parent Entities Canadian Kay Pump Ltd. (Direct parent) KSB SE & Co. KGaA (previously KSB AG) (next most senior parent that produces Consolidated Financials for public use)
c.	Subsidiary Pofran Sales and Agency Limited
d.	Associate KSB MIL Controls Limited
e.	Other Related Parties with whom transactions have taken place during the year: Fellow Subsidiaries:
1	KSB S.A.S France
2	KSB Inc., USA
3	KSB Pumps and Valves Pty Ltd South Africa
4	KSB Australia Pty Limited
5	KSB Chile S.A.
6	KSB Singapore (Asia Pacific) PTE Ltd.
7	KSB Limited, Hongkong
8	KSB Pumps Co.Ltd., Thailand

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### 33 A Name of the related parties and nature of relationship (continued):

9	P.T. KSB., Indonesia
10	KSB Taiwan Co. Ltd.
11	KSB Ltd, Tokyo
12	KSB Brazil LtdA.
13	KSB Korea Limited
14	KSB de Mexico S.A. de C.V.
15	KSB Nederland B.V.
16	DP Industries B.V., Netherland
17	KSB Pumps Arabia Ltd.
18	KSB Limited United Kingdom
19	KSB Italia S.p.A., Italy
20	KSB Panama S.A.
21	KSB Shanghai Pump Co. Ltd., China
22	KSB-Pumpy+Armatuary s.r.o., Koncern
23	KSB Finland Oy
24	KSB Pompes ET Robinetteries s.à.r.l.
25	KSB ITUR S.A., Spain
26	KSB Tech Pvt. Ltd., India
27	GIW Industries Inc., USA
28	KSB Middle East FZE, Dubai
29	KSB Service LLC, UAE
30	KSB Polska Sp. z o.o., Poland
31	KSB Bombas e Válvulas, SA
32	KSB Malaysia Pumps & Valves Sdn. Bhd.
33	KSB Service Egypt LLC
34	KSB Sverige Aktiebolag
35	KSB Pompes ET Robintteries Sarl, Morocco
36	KSB Service GmbH, Germany
37	KSB New Zealand
38	KSB OOO, Russia
39	KSB Vietnam Company Ltd.
40	KSB Philippines
41	KSB Colombia SAS
42	KSB Valves (Changzhou) Co.,Ltd., China
43	SISTO Armaturen S.A., Luxembourg
44	Shanghai Electric KSB Nuclear Pumps and Valves Co. Ltd., China
45	PT. KSB Sales Indonesia
46	KSB Zambia Limited

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### 33 A Name of the related parties and nature of relationship (continued):

	47	KSB Pumps and Valves L.t.d., Slovenia
	48	KSB Pumps and Valves Limited, Kenya
	49	Pumpen-Service Bentz GmbH
	50	KSB Pump & Valve Technology service
	51	KSB (Schweiz) AG
	52	KSB Peru S.A.
	53	KSB Belgium S.A.
	54	KSB Algérie Eurl
f.		Key Management Personnel:
	1	Mr. Rajeev Jain
	2	Mr. Gaurav Swarup
	3	Mr. D. N. Damania
	4	Mr. Pradip Shah
	5	Dr. Stephan Bross
	6	Mr. V. K. Vishwanathan
	7	Dr. Matthias Schmitz
	8	Ms. Sharmila Roy Chowdhury
g.		Individuals having significant influence over the enterprise
	1	Mr. Gaurav Swarup
h.		Relatives of individuals having significant influence over the enterprise
	1	Mrs. Gyan M Swarup
	2	Vikram Swarup Family Trust
	3	Mr. Vikram Swarup
	4	Mrs. Bindu Swarup
	5	Mrs. Parul Swarup
i.		Enterprises over which individuals having significant influence over the reporting enterprise exercise significant influence
	1	The Industrial & Prudential Investment Co. Ltd.
	2	New Holding and Trading Company Ltd. (merged with 'The Industrial & Prudential Investment Co. Ltd.')
	3	Paharpur Cooling Towers Ltd.
	4	KSB Care Charitable Trust
j.		Post employment benefit Trusts
	1	KSB Pumps Employee's Gratuity Trust
	2	Grade-O-Castings Employee's Gratuity Trust
	3	KSB Pumps (Core Employee's) Superannuation Trust

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### 32 B. Transactions with related parties:

Nature of transactions	Parent Entities	Associate Company	Fellow Subsidiaries	Key Management Personnel	Relative of Key Management Personnel	Individuals having significant influence over the reporting enterprise	Relatives of individuals having significant influence over the enterprise	Enterprises over which individuals having significant influence over the reporting enterprise exercise significant influence	Employment benefit Trusts	Total
Purchase of goods	424.90 (279.59)	89.44 (52.74)	155.72 (188.64)	-	-	-	-	-	-	670.06 (520.97)
Purchase of Property, plant and equipment	-	1.18	-	-	-	-	-	-	-	1.18
Sale of goods	(-) 378.92 (487.66)	(-) 5.87 (1.31)	(-) 1,583.53 (1,166.09)	-	-	-	-	17.91 (12.35)	(-) -	(-) 1,986.23 (1,667.41)
Sale of services	2.81 (3.09)	-	13.48 (11.54)	-	-	-	-	-	-	16.29 (14.63)
Site expenses	0.63	-	3.63	-	-	-	-	-	-	4.26
Commission income	1.34 (4.61)	(-) -	(25.04) -	-	-	-	-	-	-	(25.04) 2.81
Commission expenses	0.46 (12.67)	-	0.74 (27.60)	-	-	-	-	-	-	1.20 (40.27)
Commission expenses written back	-	-	8.54	-	-	-	-	-	-	8.54
Dividend income	(-) 1.94	(-) 32.34 (26.83)	(-) -	-	-	-	-	-	-	(-) 32.34 (26.83)
Liquidated damages	(-) 1.79	(-) -	2.07 (2.18)	-	-	-	-	-	-	4.01 (3.97)
Liquidated damages income	-	-	8.83	-	-	-	-	-	-	8.83
Charges for technical / professional services	41.10 (172.45)	(-) -	16.44 (13.75)	-	-	-	-	-	-	57.54 (186.20)
Royalty charges	310.10 (210.63)	-	10.03 (6.06)	-	-	-	-	-	-	320.13 (216.69)
Warranty charges	2.00	-	3.15	-	-	-	-	-	-	5.15
Recovery of expenses	(-) 14.09 (1.20)	(-) 14.68 (10.96)	(0.70) 0.84 (2.08)	-	-	-	-	-	-	(0.70) 29.61 (14.24)
Reimbursement of expenses	2.01 (1.15)	-	0.94 (2.50)	-	-	-	-	-	-	2.95 (3.65)

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)  
**32 B. Transactions with related parties Contd.):**

Nature of transactions	Parent Entities	Associate Company	Fellow Subsidiaries	Key Management Personnel	Relative of Key Management Personnel	Individuals having significant influence over the reporting enterprise	Relatives of individuals having significant influence over the enterprise	Enterprises over which individuals having significant influence over the reporting enterprise exercise significant influence	Post employment benefit Trusts	Total
Remuneration	-	-	-	53.03	-	-	-	-	-	53.03
Sitting fees paid	(-)	(-)	(-)	(44.55)	(-)	(-)	(-)	(-)	(-)	(44.55)
Dividend paid	-	-	-	2.21	-	0.47	-	-	-	2.68
Commission to Directors	(-)	(-)	(-)	(1.66)	(-)	(0.36)	(-)	(-)	(-)	(2.02)
Expenditure on Corporate Social Responsibility	176.39	-	-	0.06	-	0.43	1.49	111.88	-	290.25
Contribution to post employment benefits	(119.94)	(-)	(-)	(0.04)	(-)	(0.29)	(1.02)	(76.08)	(-)	(197.37)
Outstanding balances arising from sales/ purchases of goods and services	-	-	-	8.70	-	2.91	-	-	-	11.61
Trade receivables	(-)	(-)	(-)	(7.92)	(-)	(1.65)	(-)	(-)	(-)	(9.57)
Trade payables	-	-	-	-	-	-	-	32.62	-	32.62
Advances from related parties	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(26.46)	(-)	(26.46)
Outstanding balances arising from sales/ purchases of goods and services	-	-	-	-	-	-	-	-	323.18	323.18
Trade receivables	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(3.15)	(3.15)
Trade receivables (Refer note 7)	70.59	-	452.83	-	-	-	-	2.31	-	525.73
Trade payables (Refer note 16)	(74.78)	(-)	(235.92)	(-)	(-)	(-)	(-)	(2.25)	(-)	(312.95)
Advances from related parties	416.41	4.98	58.56	-	-	-	-	-	-	479.95
Advances to related parties (Refer note 12)	(586.98)	(2.33)	(128.85)	(-)	(-)	(-)	(-)	(-)	(-)	(718.16)
Security deposits	35.54	-	77.00	-	-	-	-	-	-	112.54
Security deposits	(79.07)	(-)	(38.71)	(-)	(-)	(-)	(-)	(-)	(-)	(117.78)
Security deposits	-	-	-	-	-	-	-	-	-	-
Security deposits	(-)	(-)	(3.88)	(-)	(-)	(-)	(-)	(-)	(-)	(3.88)
Security deposits	-	0.12	-	-	-	-	-	-	-	0.12
Security deposits	(-)	(0.12)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.12)

Notes :

1. Previous year's figures are shown in brackets.
2. The Group enters into a variety of transactions with the related parties on arm's length basis. Terms and conditions for outstanding balances
3. All outstanding balances are unsecured and payable in cash.



## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### 32 C. Transactions with related parties:

#### I Key management personnel compensation

	Year ended December 31, 2022	Year ended December 31, 2021
Short term employee benefits	52.63	44.28
Post-employment benefits	0.40	0.27
<b>Total</b>	<b>53.03</b>	<b>44.55</b>

#### II Material transactions with related parties

Sr. No.	Nature of transactions	Name of the party	Year ended December 31, 2022	Year ended December 31, 2021
1	Purchase of goods	KSB SE & Co. KGaA	424.90	279.59
		KSB MIL Controls Limited	89.44	52.74
2	Purchase of Property, plant and equipment	KSB MIL Controls Limited	1.18	-
3	Sale of goods	KSB SE & Co. KGaA	378.92	487.66
		KSB Australia Pty Limited	233.52	161.57
		PT. KSB Sales Indonesia	224.82	103.60
4	Sale of services	KSB SE & Co. KGaA	2.81	3.09
		KSB Tech Pvt. Ltd., India	13.48	11.54
5	Site expenses	KSB SE & Co. KGaA	0.63	-
		PT KSB Indonesia	3.11	1.81
		KSB Service GmbH	0.45	-
		KSB Algérie Eurl	-	19.23
6	Commission income	KSB SE & Co. KGaA	1.34	4.61
		KSB S.A.S, France	0.83	-
		KSB Service GmbH	0.64	-
7	Commission expenses	KSB SE & Co. KGaA	0.46	12.67
		KSB Ltd, Tokyo	0.12	17.11
		KSB Korea Limited	-	4.47
		KSB Malaysia Pumps & Valves	0.59	-
8	Commission expenses written back	KSB Middle East FZE	8.54	-
9	Dividend income	KSB MIL Controls Limited	32.34	26.83
10	Liquidated damages	KSB SE & Co. KGaA	1.94	1.79
		KSB ITALIA S.P.A.	2.04	1.96
11	Liquidated damages income	KSB Pumps and Valves	6.92	-
		KSB Shanghai Pump Co., LTD	1.91	-

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### 33 C. Transactions with related parties:

#### II Material transactions with related parties (continued)

Sr. No.	Nature of transactions	Name of the party	Year ended December 31, 2022	Year ended December 31, 2021
12	Charges for technical / professional services	KSB SE & Co. KGaA	41.10	172.87
		KSB Tech Pvt. Ltd., India	18.85	11.09
13	Royalty charges	KSB SE & Co. KGaA	310.10	210.63
14	Warranty charges	KSB SE & Co. KGaA	2.00	-
		PT KSB Indonesia	2.80	-
		KSB Pumps and Valves (PTY)LTD.	-	0.47
		KSB Algérie Eurl	-	0.18
15	Recovery of expenses	KSB MIL Controls Limited	14.68	10.96
		KSB SE & Co. KGaA	14.09	1.20
		KSB Pumps and Valves (PTY)LTD.	-	2.00
16	Reimbursement of expenses	KSB SE & Co. KGaA	2.01	1.15
		OOO "KSB"	-	1.46
		PT KSB Indonesia	0.29	0.54
17	Remuneration	Mr. Rajeev Jain	53.03	44.55
18	Sitting fees paid	Mr. Gaurav Swarup	0.47	0.36
		Mr. D. N. Damania	0.47	0.36
		Mr. Pradip Shah	0.46	0.35
		Dr. Stephan Bross	0.20	0.17
		Mr. V. K. Vishwanathan	0.35	0.26
		Dr. Matthias Schmitz	0.40	0.27
		Ms. Sharmila Roy	0.35	0.25
		Chowdhury		
19	Dividend paid	Canadian Kay Pump Ltd.	176.39	119.94
		The Industrial & Prudential Investment Co. Ltd.	90.50	61.54
20	Commission to Directors	Mr. Gaurav Swarup	2.91	1.65
		Mr. D. N. Damania	1.45	1.32
		Mr. Pradip Shah	1.45	1.32
		Dr. Stephan Bross	1.45	1.32
		Mr. V. K. Vishwanathan	1.45	1.32
		Dr. Matthias Schmitz	1.45	1.32
		Ms. Sharmila Roy	1.45	1.32
		Chowdhury		
21	Expenditure on Corporate Social Responsibility	KSB Care Charitable Trust	32.62	26.46

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### 33 C. Transactions with related parties:

#### II Material transactions with related parties (continued)

Sr. No.	Nature of transactions	Name of the party	Year ended December 31, 2022	Year ended December 31, 2021
22	Contribution to post employment benefits	KSB Pumps Employee's Gratuity Trust	306.13	2.95
		Grade-O-Castings Employee's Gratuity Trust	8.55	0.20
		KSB Pumps (Core Employee's) Superannuation Trust	8.50	-

Note :

1. "Material transactions with related parties" denote entities accounting for 10% or more of the aggregate for that category of balance during respective period.

### 33 Segment reporting

#### (A) Description of segments and principal activities

- 1 Pumps segment includes manufacturing / trading of all types of pumps like industrial pumps, submersible pumps, effluent treatment pumps, etc. and spares and services in respect thereof.
- 2 Valves segment consists basically manufacturing and trading of industrial valves and spares and services in respect thereof.

	Year ended December 31, 2022			Year ended December 31, 2021		
	Pumps	Valves	Total	Pumps	Valves	Total
(B) Segment revenue						
Total segment revenue	15,219.04	3,023.19	18,242.23	12,619.83	2,370.30	14,990.13
Inter segment revenue	-	(22.63)	(22.63)	-	(17.22)	(17.22)
Revenue from external customers	15,219.04	3,000.56	18,219.60	12,619.83	2,353.08	14,972.91
(C) Segment profit	1,971.63	270.35	2,241.98	1,627.87	172.73	1,800.60
Share of net profit of associate accounted for using the equity method			78.23			64.20
Unallocated corporate income/ (expenses)			(0.06)			(0.09)
Finance cost			(61.26)			(50.40)
Interest income			193.80			195.76
Profit before tax			2,452.69			2,010.07
Tax expense			(625.28)			(516.18)
Profit for the year			1,827.41			1,493.89
(D) Segment assets	13,291.01	1,304.72	14,595.73	10,296.96	1,240.03	11,536.99
Investment in associate			741.61			697.48
Unallocated corporate assets			2,910.78			3,859.27
Total assets			18,248.12			16,093.74

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### 33 Segment reporting

	Year ended December 31, 2022			Year ended December 31, 2021		
	Pumps	Valves	Total	Pumps	Valves	Total
(E) Segment liabilities	5,956.39	840.69	6,797.08	5,129.27	832.01	5,961.28
Unallocated corporate liabilities			19.88			24.08
Total liabilities			6,816.96			5,985.36
(F) Cost incurred during the period to acquire segment property, plant and equipment	997.42	43.78	1,041.20	412.95	68.85	481.80
(G) Depreciation and amortisation	414.26	38.35	452.61	399.20	36.14	435.34

### (H) Geographical Segments

	Year ended December 31, 2022			Year ended December 31, 2021		
	Within India	Outside India	Total	Within India	Outside India	Total
Segment revenue by geographical area based on geographical location of customers	15,668.60	2,551.00	18,219.60	11,947.37	3,025.54	14,972.91

(I) The total of non-current assets other than financial instruments, investments and deferred tax assets broken down by location of the assets is as under:

	As at December 31, 2022	As at December 31, 2021
India	4,530.81	3,873.38
Other countries	1.82	1.91
Total	<u>4,532.63</u>	<u>3,875.29</u>

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### 34 Interests in other entities

#### (a) Subsidiary

Name of the entity	Place of business/Country of incorporation	Ownership interest held by the Group		Principal activities
		As at December 31, 2022	As at December 31, 2021	
Pofran Sales and Agency Limited	India	100%	100%	Commission agency

#### (b) Interest in associate

Name of the entity	Place of business	Percentage of ownership interest held by Group	Accounting method	Principal activities
KSB MIL Controls Limited	India	49%	Equity method	Manufacturing of control valves and accessories

KSB MIL Controls Limited is an unlisted entity and no quoted price is available.

#### (c) Summarized financial information for associate

The summarized financial information for associate disclosed below, reflects the amounts presented in the financial statements of the relevant associate and not Group's share of those amounts.

##### (i) Summarized balance sheet

	KSB MIL Controls Limited	
	As at December 31, 2022	As at December 31, 2021
Total current assets	1,699.16	1,308.41
Total non-current assets	520.60	722.24
Total current liabilities	699.91	610.82
Total non-current liabilities	56.40	46.44
Net assets	1,463.45	1,373.39

##### (ii) Reconciliation of carrying amounts

	KSB MIL Controls Limited	
	As at December 31, 2022	As at December 31, 2021
Opening net assets	1,373.39	1,301.64
Profit for the year	159.65	131.02
Other comprehensive income	(3.59)	(4.52)
Dividends paid	(66.00)	(54.75)
Closing net assets	1,463.45	1,373.39
Group's share in %	49%	49%
Group's share in INR	717.09	672.96
Goodwill	24.52	24.52
Carrying amount	741.61	697.48

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### (iii) Summarized Statement of Profit and Loss

	KSB MIL Controls Limited	
	Year ended December 31, 2022	Year ended December 31, 2021
Revenue	2,038.23	1,738.34
Profit for the period	159.65	131.02
Other comprehensive income	(3.59)	(4.52)
Total comprehensive income	156.06	126.50
Dividends received	-	-

### (d) Commitments and contingent liabilities in respect of associates

	As at December 31, 2022	As at December 31, 2021
	Share of contingent liabilities incurred jointly with other investors of the associate	
Excise and Service tax matters	0.13	0.13
Commitments of associate		
Commitment to provide funding for associate's capital commitments, if called	13.92	6.98
<b>Total</b>	<b>14.05</b>	<b>7.11</b>

## 35 Additional information required by Schedule III

Particulars	Net Assets i.e. total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount (₹ Million)	As % of consolidated profit or loss	Amount (₹ Million)
<b>Parent</b>				
KSB Limited				
December 31, 2022	93.50%	10,687.80	95.65%	1,681.47
December 31, 2021	93.08%	9,409.09	95.87%	1,436.17
<b>Subsidiary - Indian</b>				
Pofran Sales and Agency Limited				
December 31, 2022	0.02%	1.75	0.00%	(0.06)
December 31, 2021	0.02%	1.81	(0.01%)	(0.09)

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

Particulars	Net Assets i.e. total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount (` Million)	As % of consolidated profit or loss	Amount (` Million)
Associate - Indian (Investment as per equity method) KSB MIL Controls Limited				
December 31, 2022	6.48%	741.61	4.35%	76.47
December 31, 2021	6.90%	697.48	4.14%	61.99
Total - December 31, 2022	<u>100.00</u>	<u>11,431.16</u>	<u>100.00</u>	<u>1,757.88</u>
Total - December 31, 2021	<u>100.00</u>	<u>10,108.38</u>	<u>100.00</u>	<u>1,498.07</u>

All eliminations and adjustments are netted off against balances of the Parent Company for disclosure purpose.

### 36 Fair value measurements

Except derivative instruments, all financial assets and financial liabilities are measured at amortised cost. Derivative instruments are classified as fair value through profit or loss. The fair value is determined using forward exchange rates at the balance sheet date. The instruments fall under level 2 of the fair value hierarchy as per Ind AS 113 Fair Value Measurements. Level 2 fair value financial instruments are those which are not traded in an active market, which maximise the use of observable market data and rely as little as possible on entity specific estimates. Significant inputs required to measure a level 2 fair value are observable. The fair value of all the instruments measured at amortised cost is not significantly different from the carrying value of such instruments.

### 37 Financial risk management

The Group's activities exposes it to credit risk, liquidity risk and market risk. In order to minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts are taken. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

The Group's risk management is carried out by the Group's treasury department under policies approved by the board of directors. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

#### (A) Credit risk

The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments. For banks and other financial institutions, only high rated banks/ financial institutions are accepted. The balances with banks, loans given to employees, security deposits are subject to low credit risk and the risk of default is negligible or nil. The Group has recognized provision based on assumptions about risk of default, expected loss rates and specific identification method.

#### I Trade receivables

Credit risk arises from the possibility that customer will not be able to settle their obligations as and when agreed. To manage this, the Group periodically assesses the financial reliability of customers, taking into

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

account the financial condition, current economic trends, analysis of historical bad debts, ageing of accounts receivable and forward looking information. Individual credit limits are set accordingly. The Group has recognized the provision based on assumptions about risk of default, expected loss rates and specific identification method.

Expected credit loss for trade receivables under simplified approach

Trade receivables	December 31, 2022			December 31, 2021		
	Gross	Allowance	Net	Gross	Allowance	Net
Outstanding for following periods from the due date						
Not due	1,375.78	-	1,375.78	1,372.07	-	1,372.07
Less than 6 months	2,252.35	(80.95)	2,171.40	830.69	(1.17)	829.52
6 months - 1 year	261.31	(4.00)	257.31	299.77	(23.81)	275.96
1-2 years	147.54	(16.65)	130.89	352.72	(75.17)	277.55
2-3 years	92.74	(26.35)	66.39	153.94	(21.40)	132.54
More than 3 years	214.05	(81.05)	133.00	169.21	(131.66)	37.55
Total	<u>4,343.77</u>	<u>(209.00)</u>	<u>4,134.77</u>	<u>3,178.40</u>	<u>(253.21)</u>	<u>2,925.19</u>

Movement of provision for loss allowance :

	Provision for Loss allowance
Provision as at January 1, 2021	254.95
Change during the year	<u>(1.74)</u>
Provision as at December 31, 2021	253.21
Change during the year	<u>(44.21)</u>
Provision as at December 31, 2022	209.00

### (B) Liquidity risk

Prudent Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying business, the Group's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for :

- 1) all non-derivative financial liabilities, and
- 2) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

Maturity profile of financial liabilities based on undiscounted cash flows:

	December 31, 2022		December 31, 2021	
	Upto 1 year	Above 1 year	Upto 1 year	Above 1 year
Trade payables	3,142.67	-	2,791.55	-
Lease liabilities	10.18	26.31	10.46	28.21
Other financial liabilities	733.89	-	827.15	-



## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### (C) Market risk

#### I) Foreign currency risk

The Group is engaged in international trade and thereby exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the EUR and USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency (₹). The Group uses foreign exchange forward contracts to hedge its exposure in foreign currency risk.

#### i) Foreign currency risk exposure

The Group's exposure to foreign currency risk at the end of the reporting period expressed in ₹ million, are as follows :-

	December 31, 2022					December 31, 2021				
	EUR	USD	AUD	GBP	BDT	EUR	USD	AUD	GBP	BDT
Financial assets										
Trade receivables	143.76	558.60	-	0.01	-	72.82	580.43	-	-	-
Balances with banks										
- In current accounts	-	-	-	-	1.03	-	-	-	-	4.92
- In EEFC accounts	5.46	138.22	-	-	-	2.28	181.74	-	-	-
Derivative assets - Foreign exchange forward contracts (Sell Foreign Currency)	-	(253.85)	-	-	-	-	(43.95)	-	-	-
Net exposure to foreign currency risk (assets)	149.22	442.97	-	0.01	1.03	75.10	718.22	-	-	4.92
Financial liabilities										
Trade payables	181.72	105.23	0.26	1.96	0.48	365.87	219.32	0.12	0.22	-
Derivative liabilities - Foreign exchange forward contracts (Buy Foreign Currency)	-	-	-	-	-	-	-	-	-	-
Net exposure to foreign currency risk (liabilities)	181.72	105.23	0.26	1.96	0.48	365.87	219.32	0.12	0.22	-

#### ii) Sensitivity

The sensitivity of profit and loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments:

	Impact on profit before tax [Increase / (Decrease)]	
	December 31, 2022	December 31, 2021
EUR sensitivity		
INR/EUR - Increase by 5% (December 31, 2021-5%)*	(1.63)	(14.54)
INR/EUR - Decrease by 5% (December 31, 2021-5%)*	1.63	14.54
USD sensitivity		
INR/USD - Increase by 5% (December 31, 2021-5%)*	16.89	24.95
INR/USD - Decrease by 5% (December 31, 2021-5%)*	(16.89)	(24.95)

\* Holding all other variables constant

#### II) Interest rate risk

The Group's main interest rate risk arises from short term borrowings and deposits taken / placed over a period of time on frequent basis thereby exposing the Group to interest rate risk. The Group's policy is to have fixed interest rate at the time of deal execution.

## Notes forming part of the Consolidated financial statements (Contd.)

(All amounts are in ₹ million, unless otherwise stated)

### 38 Capital management

#### a) Risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital. 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 parent. The primary objective of the Group's capital management is to maximise the shareholders value. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Group is debt-free and has net cash and bank balance.

No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2022 and December 31, 2021.

#### Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	As at December 31, 2022	As at December 31, 2021
Cash and bank balance		
Cash and cash equivalents [Refer note 8 (a)]	319.54	565.65
Other bank balance* [Refer note 8 (b)]	2,283.58	2,973.27
Borrowings		
Current borrowings	-	-
Net cash and bank balance	2,603.12	3,538.92

\*Other bank balance consists of fixed deposits which are considered as short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

The amount of net cash and bank balance considering the amount of lease liability of ₹ 28.82 million (December 31, 2021: ₹ 29.89 million) is ₹ 2,574.30 million (December 31, 2021: ₹ 3,509.03 million)

#### Net debt reconciliation - Current borrowings

	As at December 31, 2022	As at December 31, 2021
Net debt at the beginning of the year	-	600.00
Net cashflows [Inflow/(Outflow)]	-	(600.00)
Interest on borrowings	41.11	32.55
Interest paid on borrowings	(41.11)	(32.55)
Net debt at the end of the year	-	-

## Notes forming part of the Consolidated financial statements (Contd.)

b) Dividends		December 31, 2022	December 31, 2021
(i)	Equity shares		
	Final dividend paid for the year ended December 31, 2021 of ₹ 12.50 (December 31, 2020 of ₹ 8.50) per fully paid share	435.10	295.87
(ii)	Dividends not recognised at the end of the reporting period		
	The directors have recommended the payment of a final dividend of ₹ 12.50 per fully paid equity share (December 31, 2021 - ₹ 12.50). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	522.12	435.10

### 39 Additional regulatory information

- (a) Details of benami property held  
No proceedings have been initiated on or are pending against the Group under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.
- (b) Borrowing secured against current assets  
The Group has placed fixed deposits of ₹ 1,018.91 million (December 31, 2021: ₹ 1,137.88 million) under lien with banks and has availed the overdraft facilities against the same. Thus, the Group is not required to file quarterly returns or statement of current assets with the banks.
- (c) Wilful defaulter  
None of the entities in the Group have been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (d) Relationship with struck off companies  
Below are the details of transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

Sr No.	Name of the struck off Company	Nature of transactions assets	Balance Outstanding As at December 31, 2022	Balance Outstanding As at December 31, 2021	Relationship
1	Soares Engineers Private Limited	Payables	0.15	2.32	Non related party
2	Vertex Safety Products Private Limited	Receivables	-	-*	Non related party

\* amount below rounding off norms of the Group

- (e) Compliance with number of layers of companies  
The Group has complied with the number of layers prescribed under the Companies Act, 20213.
- (f) Utilisation of borrowed funds and share premium  
The Group has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

---

## Notes forming part of the Consolidated financial statements

---

- i. 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
  - ii. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries  
The Group has not received any funds from any person or entity, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
    - i. 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
    - ii. provide any guarantee, security or the like on behalf of the ultimate beneficiaries
  - (g) Undisclosed income  
There is no income surrendered or disclosed as income during the year ended December 31, 2022 and December 31, 2021 in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.
  - (h) Valuation of Property, plant and equipment, Right-of-use assets and Other intangible assets  
The Group has not revalued its property, plant and equipment or right-of-use assets or intangible assets during the year ended December 31, 2022 and December 31, 2021.
- 40 Events occurring after the reporting period**  
Refer to note 38 (b) (ii) for the final dividend recommended by the directors which is subject to the approval of shareholders in the ensuing general meeting.
- 41** During year ended December 31, 2022, the Company was informed by the parent entity, KSB SE & Co. KGaA, that the parent entity has encountered a cyber-attack on their IT systems in Germany. The Company's IT systems and infrastructure is part of the aforesaid IT systems. As an immediate measure, the parent entity had temporarily shut down all actual or potentially affected IT systems in a controlled manner for security reasons which led to temporary disruption in some of the Company's business services. The Company had put in place alternative control mechanisms in the temporary absence of the said systems. After taking all the possible necessary measures, the said systems were restored in a phased manner. Based on the assessment carried out (with the assistance of external specialist consultants) there was no impact on the financial statements of the Company for the year ended December 31, 2022.
- 42** The Ministry of Corporate Affairs (MCA) through a notification dated March 24, 2021, amended Schedule III of the Companies Act, 2013, applicable for financial years commencing from April 1, 2021. Pursuant to such amendments, security deposits of ₹ 38.70 million as at December 31, 2021 have been reclassified from 'Loans' to 'Other financial assets'.
- 43** Previous year's figures have been regrouped / reclassified wherever considered necessary to conform current year's classification / disclosure.

---

In terms of our report of even date  
For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016

Amit Borkar  
Partner  
Membership No.: 109846  
Place : Mumbai  
Date : February 23, 2023

For and on behalf of the Board of Directors

Gaurav Swarup Chairman (DIN : 00374298)	D. N. Damania Director (DIN : 00403834)
Rajeev Jain Managing Director (DIN : 07475640)	Mahesh Bhav Chief Financial Officer
Place : Mumbai Date : February 23, 2023	Shraddha Kavathekar Company Secretary

# New Launches



Solar Pumping System



Mechanical Seals



Indigenous make KSB Guard for SupremeServ



Laser Printing Machine at Ware house



# ESG

## ESG Initiatives at various locations of KSB Limited



Tree Plantation in Plants



Rainwater Harvesting by Recharge well method



Biogas Plant at Shirwal



STP Plant for Reuse of Treated water



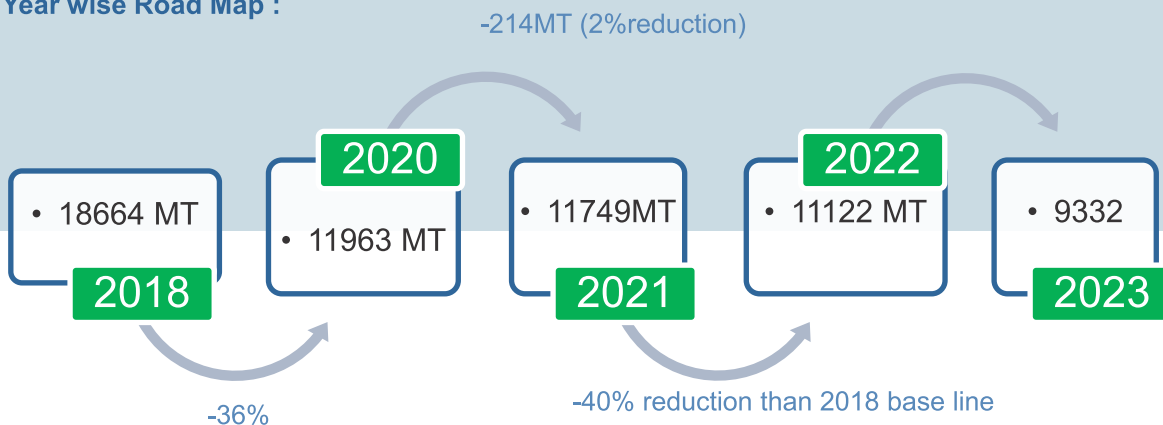
LED Bulb in offices and shop floor



Installation of Solar panel

**Reduction in Green House Gases (GHG) emission by 50% over the actual GHG emission of 2018 by 2023. (Already achieved 40% till 2022)**

Year wise Road Map :



MT – Metric Tone of CO2 Equivalent





KSB Care Charitable Trust



## Corporate Social Responsibility

KSB Care Charitable Trust, is the Company's initiative that undertakes social welfare projects in and around the manufacturing plants, with an objective to enhance the quality of life of underprivileged children, women and the elderly; skill development and education; infrastructure support to schools and colleges; healthcare; sanitation; environment etc.

KSB Care Charitable Trust is the heart that pumps compassion and warmth into the society it lives in.

### Support to various NGO's



Skill development : Support for State of the art Fluid Mechanics & Machinery Lab for Government Polytechnic, Pune



Donation of Benches - Pragati Girls High School



Donation of Ambulance - Yashodhan Trust



Construction of New Classrooms - Sagunabai Bhikusa School



Skill Development of under privileged students - Don Bosco Technical Training Centre



Infrastructural support - Niwara Old - age Home



Computer Lab setup - Bal Kalyan

**Pumps and Valves are our business. Social welfare is our responsibility.**

## New facility at Sinnar Plant

Constructed an additional shed in Sinnar factory with an objective of production capacity enhancement.



**KSB Limited**

Office No. 601, Runwal R-Square, L.B.S. Marg, Mulund (West), Mumbai- 400 080  
Tel.: +91-22-2168 1300 [www.ksbindia.co.in](http://www.ksbindia.co.in) CIN L29120MH1960PLC011635