



Enriching Lives

KIRLOSKAR BROTHERS LIMITED

91ST ANNUAL REPORT 2010 - 2011



Solving complex engineering problems -
as simple as turning a page

EXPERTISE TO GIVE SIMPLE SOLUTIONS TO GREAT ENGINEERING CHALLENGES

It is our simple solutions to complex engineering problems that adhere us to our clients. Solutions that are borne on the strength of our expertise, skills and engineering ability. To explore more and more simple options. To take our clients, where no one else has been before. This journey has taken us to a INR 7,600 crore (US\$1.6 billion) engineering conglomerate today; with sincere belief in meeting the toughest of challenges with the best of our solutions. To deliver cost effective solutions that bring prosperity and smiles across the world.

What drives us today is not just world class products, but our commitment to meet bigger and tougher challenges. To make sure that our clients get their solutions in the quickest of times in the toughest of environments. Continuous improvements, proactive planning and strategic measures make us one of the greatest engineering solution providers of all times.



Weight: 26 tonnes Height: 4 meters

7000 LITRES PER SECOND

WE CREATED A MONSTER

Largest Horizontal Split Case Pump For Installation in India.

Latest Technological Features:

- Lowest Life Cycle Cost, Enhanced Bearing Life
- Low Maintenance Cost and Minimal Downtime

Pump Parameters

- **Liquid:** Sea Water
- **Nozzle Size:** 1200 mm X 1200 mm
- **Flow:** 7000 Ltrs/ sec at the head of 27.5 mtrs
- **Motor Rating:** 2700 kW, 425 RPM

OTHER SIGNIFICANT ACHIEVEMENTS

- Largest indigenously developed Condensate Extraction Pump for Power Plant, Flow 1085 m³/hr, Head 258 M
- Largest Butterfly Valve, 3600 mm, for Thermal Power Plant in India for Sea Water Application
- Largest Vertical Turbine Pump for Cooling Water Application in India for flow of 40,000 m³/hr
- Largest Concrete Volute Pump for Power Plant in India for flow of 63,000 m³/hr for Sea Water Application

TRUSTED PARTNERS FOR RELIABLE AND INNOVATIVE PUMPING SOLUTIONS

Pumps | Valves | Motors | Hydro Turbines | Turnkey Projects

Board of Directors

Sanjay Kirloskar	Chairman & Managing Director
Gautam Kulkarni	Vice Chairman
Vikram Kirloskar	
M. S. Kirloskar	
S. N. Inamdar	
Rahul Kirloskar	
U. V. Rao	
R. K. Srivastava	Whole Time Director
P. S. Jawadekar	
J. R. Sapre	Whole Time Director
A. N. Alawani	
Lalita D. Gupte	
Pratap B. Shirke	

Company Secretary

G. P. Kulkarni

Auditors

M/s. P. G. Bhagwat, Chartered Accountants

Bankers

Bank of India
 Canara Bank
 HDFC Bank Limited
 ICICI Bank Limited
 CitiBank N.A.
 Credit Agricole Corporate and Investment Bank

Registered Office

Udyog Bhavan, Tilak Road,
 Pune – 411 002, Maharashtra State (India)
 Phone : (020)24440770 Fax : (020)24402083
 E.mail : kblin@kbl.co.in Website : www.kbl.co.in
 Group Website : www.kirloskar.com

Corporate Office

“YAMUNA”, Survey No. 98 (3-7), Baner,
 Pune – 411 045, Maharashtra (India)
 Phone : (020)27214444 Fax : (020)27211136
 E.mail : kblin@kbl.co.in Website : www.kbl.co.in
 Group Website : www.kirloskar.com

Works

Kirloskarvadi, Dewas, Shirwal, Kondhapuri

Information for Shareholders

Annual General Meeting

Day & Date : Saturday, July 23, 2011
 Time : 11.00 a.m.
 Venue : “YAMUNA”, Survey No.98 (3-7)
 Baner, Pune – 411 045

Dates of Book
 Closure : July 16, 2011 to July 23, 2011
 (both days inclusive)

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DECADE AT A GLANCE

(Rupees in Millions)

Particulars	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Net Sales	3746	4757	5078	7309	9246	13400	15251	18309	20178	19418
Other Income	82	72	225	132	750	2408	430	359	480	132
Material Cost	2279	3126	3393	4859	6093	9290	11126	14000	14987	13424
Other Expenses	1209	1371	1405	1896	1965	2563	2704	3176	3341	4495
Interest	106	75	65	48	55	84	169	303	335	300
Depreciation	83	85	107	100	97	121	182	207	265	300
Profit before tax	151	172	333	538	1786	3750	1500	982	1730	1031
Income tax provision	28	52	68	31	63	385	399	312	555	417
Net Profit after tax	123	120	265	507	1723	3365	1101	670	1175	614
Share Capital	71	71	71	71	212	212	212	212	159	159
Reserves	1352	1459	1565	1832	2932	5808	6409	6879	6975	7207
Net Worth	1423	1530	1635	1902	3143	6019	6621	7091	7134	7366
Imports	49	119	144	261	606	987	1152	2084	5073	2026
Exports	585	585	572	1005	685	2266	1483	2291	1694	1827
Basic Earnings per Share (Rs.) (Face Value of Rs. 2/-)	3.48	3.41	7.51	14.17	15.42	31.82	10.41	6.34	14.81	7.73
Basic Earnings per Share (Rs.) (Face Value of Rs. 2/-) (Excluding Extraordinary Income / Expense)	3.48	3.41	7.51	14.17	10.70	14.76	10.41	6.34	14.81	7.73
Dividend	45%	45%	200%	300%	200%	200%	200%	100%	275%	*175%
Book Value per Share (Rs.)	40.37	43.40	46.40	53.97	**29.69	**56.92	**62.60	**67.05	**89.92	**93.70
Debt Equity Ratio	0.41	0.24	0.29	0.18	0.06	0.08	0.09	0.03	0.07	0.13

Notes :

Previous years' figures have been regrouped to make them comparable.

* Final Dividend Recommended 175%

** After Issue of Bonus Shares in the ratio of 2 : 1

Figures of Earning per Share and Book Value per Share are calculated for all the reported periods above, after considering the subdivision of equity share of Rs. 10/- each to share of Rs. 2/- each.

Related figures, for the year 2010 and 2011, are calculated after giving effect to the scheme of arrangement.

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present the 91st Annual Report and the Audited Annual Accounts of the Company for the year ended March 31, 2011.

FINANCIAL RESULTS

The financial results of the Company for the year 2010-11 as compared with the previous year are as under: -

	Current Year ended March 31, 2011 (Rs.)	Previous Year ended March 31, 2010 (Rs.)
Sales	19,417,972,360	20,178,370,074
Other income	131,485,675	479,471,733
Total	19,549,458,035	20,657,841,807
Profit before tax	1,030,810,391	1,729,616,298
Provision for tax	417,210,649	554,438,774
Profit after tax	613,599,742	1,175,177,524
Surplus in Profit & Loss Account brought forward from previous year	905,059,568	529,687,717
Available surplus	1,518,659,310	1,704,865,241

APPROPRIATIONS

Your Directors propose to appropriate the available surplus as under :-

Dividend @ 175% (275%) on 79,338,451 (79,330,766) equity shares of Rs. 2/- each	277,684,579	436,319,213
Additional tax on Dividend	37,145,728	63,486,460
Transferred to General Reserve	61,359,974	300,000,000
Balance carried to Balance Sheet	1,142,469,029	905,059,568
TOTAL	1,518,659,310	1,704,865,241

DIVIDEND

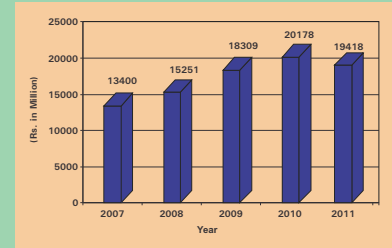
Directors recommend a dividend of 175% (Rs. 3.50 per equity share) for the year.

SCHEME OF ARRANGEMENT

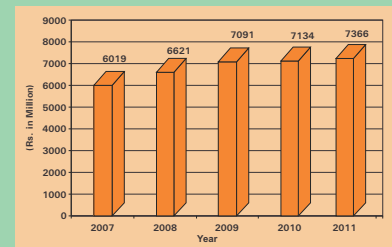
As you are aware, during the previous year the Scheme of Arrangement between Kirloskar Brothers Limited (KBL), Kirloskar Brothers Investment Limited (KBIL) and respective Shareholders was made effective and our company's shares were listed and traded on the stock exchanges. The company has remitted the amount towards the fractional entitlements to the concerned shareholders.

During the current year, the necessary listing and trading permissions were received in respect of KBIL shares.

Net Sales



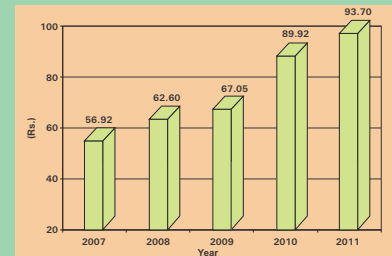
Net Worth



Import & Export



Book Value per Share



STATUTORY DISCLOSURES

1. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

Details of energy conservation, technology absorption, research and development and foreign exchange earnings as required under Section 217 (1) (e) of the Companies Act, 1956, are given in the Annexure - I to this Report.

2. PARTICULARS OF EMPLOYEES

Information regarding employees in accordance with Section 217 (2A) of the Companies Act, 1956 is given in the Annexure – II to this Report.

3. SUBSIDIARY COMPANIES

The Company has incorporated a Wholly Owned Subsidiary - Kirloskar Systech Limited on August 9, 2010. Kirloskar Systech Limited is primarily engaged in system engineering, designing and support services.

During the year, the Company has transferred its 100% shares of two of the subsidiary companies viz. Pressmatic Electro Stampings Private Limited (PESPL), Quadromatic Engineering Private Limited (QEPL) to its another wholly owned subsidiary Hematic Motors Private Limited (HMPL). Further, a Scheme of Amalgamation of Company's step down subsidiaries, PESPL and QEPL with Company's wholly owned subsidiary - HMPL was filed with the Honourable Bombay High Court by the said companies.

The same has been approved by the Honourable Court vide its orders dated April 8, 2011 and the scheme has been made effective on April 25, 2011. As a result, with effect from the appointed date i.e. January 1, 2011 under the scheme, the PESPL and QEPL have been merged with HMPL on and from appointed date.

On January 1, 2011, the company has transferred the shares held in its Wholly Owned Subsidiary Kirloskar Brothers (Thailand) Limited (KBTL) to its other Wholly Owned Subsidiary - Kirloskar Brothers International B.V (KBI) Netherlands. However, due to negative valuation of KBTL shares, KBL has transferred the shares at nil value and accounted for the loss on the transfer. Thus, KBTL ceased to be the direct subsidiary company of KBL.

The performance of the domestic and overseas subsidiary companies has been good, except in respect of a few subsidiary companies. The company is in the process of aligning the operations of its subsidiary companies.

As a way forward, the company would concentrate on streamlining the operations of companies involved in manufacturing and take strategic decisions in respect of companies which are in the project / EPC business.

The Financials of subsidiaries are appearing elsewhere in this annual report.

On November 22, 2010, the Company made an application to the Central Government under section 212(8) of the Companies Act, 1956 for exemption from attaching the annual accounts of the subsidiary companies.

On February 8, 2011 the Government of India, Ministry of Corporate Affairs vide General Circular No. 2/2011, granted general exemption under section 212(8) of the Companies Act, 1956. Consequently, Company has also received a letter No. 47/29/2011-CL-III dt. February 14, 2011, from the Ministry of Corporate Affairs, to that effect.

The consolidated financial statement of subsidiaries prepared as per applicable provisions and duly audited by the statutory auditors, is presented elsewhere in this annual report. As per the said general exemption, instead of the annual accounts of the subsidiary companies, we have attached certain information in respect of Company's subsidiaries for the respective financial years.

Further, we hereby undertake that annual accounts for the subsidiary companies and the related detailed information will be made available to the Shareholders, seeking such information. The annual accounts of the subsidiary companies will also be kept open for inspection for Shareholders.

4. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Board of Directors report that

- In the preparation of the annual accounts, the applicable accounting standards have been followed and there was no material departure from the accounting standards.
- Accounting policies have been selected and applied consistently and that the judgements and estimates made are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2011 and of the profit of the Company for the period April 1, 2010 to March 31, 2011.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, and
- The annual accounts have been prepared on a going concern basis.

5. CASH FLOW

A cash flow statement for the year ended March 31, 2011 is attached to the Balance Sheet.

SAFETY, HEALTH AND ENVIRONMENT

All our manufacturing plants have been awarded with the prestigious international certificate OSHAS 18001. This is very important step towards ensuring and achieving occupational Health and Safety standards for persons connected with these plants.

The Company continues its thrust on safety measures for employees with regular safety training. Safety audits are also conducted regularly. As a commitment to environment, the Company has selected the sustainability model and formed a core group to address the relevant issues. The first sustainability report was prepared during the year and company would measure performance for sustainability based on the globally accepted standards and continuously find ways to reduce the adverse impact on the environment. The said report is available on company's website.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, Management Discussion and Analysis Report, Report on Corporate Governance, Auditors' Certificate on Corporate Governance and the declaration by the Chairman and Managing Director regarding affirmations for compliance with the Company's Code of Conduct are annexed to this report.

EMPLOYEE STOCK OPTION SCHEME (ESOS)

As you are aware, during the year 2007-08, Company launched the Employees' "Share a Vision" Stock Option Scheme, 2007 (ESOS-2007). During the year, 3rd tranche of options i.e. 40% of the total options have been vested on August 31, 2010. The exercise price offered is at Rs. 200/- per option to be converted into an equity share on exercise. During the year, 6,185 equity shares of Rs. 2/- each have been allotted at an exercise price of Rs. 200/- each.

The Management has formulated under ESOS – 2007, a proposal of providing stock options at Rs. 2/- per option to award employee for their outstanding, exemplary performance in getting sustainable results. During the year, 1250 options have been granted to two employees and 1,500 equity shares of Rs. 2/- each have been allotted at an exercise price of Rs. 2/- each.

Consequent to allotment of above shares under ESOS, the issued and paid-up share capital of the Company, at

the end of the year 2010-11, stands at Rs. 158,676,902/- i.e. 79,338,451 equity shares of Rs. 2/- each.

The disclosures required to be made under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and a certificate from the Statutory Auditors with regards to compliance of the guidelines, is provided as Annexure - III to this report.

FIXED DEPOSITS

The Company is neither accepting nor renewing the matured deposits since January, 2003. As on March 31, 2011, deposits from public and shareholders aggregating to Rs.390,000/- have matured but have not been claimed.

CORPORATE SOCIAL RESPONSIBILITY

The company undertakes its social responsibility directly and also through trust – Vikas Charitable Trust. The main thrust of this Corporate Social Responsibility (CSR) initiative is on education and social health defined in a policy of CSR.

During the year, as a part of CSR and our obligation towards society at large, your Company continued its efforts in implementing Community Programs in line with the Society Perception Survey with a thrust on health and education. The prime initiative undertaken by the company was participation in WASH (Water, Sanitation and Hygiene) program with the help of our employees who volunteered for the program.

CENTENARY CELEBRATIONS

We celebrated a centenary year of our Kirloskarvadi plant on March 10, 2010. The Centenary Celebrations continued during the year 2010-11, as we conducted functions at Kolkata, Chennai, Delhi and Mumbai. More than 2000 customers, dealers and well-wishers attended these functions. During these functions, company felicitated the customers, dealers and a few employees, who have been with the company for fairly a long time.

The Celebration concluded on March 10, 2011 at Pune. We are very proud for this achievement and re-confirm our commitments to follow the value systems framed by our founders.

NEW MANUFACTURING UNITS

The Company has initiated the process of setting up new manufacturing units at Kaniyur Village, Coimbatore and Charodi Village, Sanand, Ahmedabad for the production of Mini & DCM Pumps and Submersible Pumps, respectively.

The new plants are equipped with modern plant & machinery. These units have some additional features such as formation of suppliers cluster, lean manufacturing process and so on. With this, the products would be competitive in cost and quality.

The production at the respective units is expected to commence during current year. This will help the Company to cater to the increasing market demand for these products.

DIRECTORS

With deep regret, we report the sad demise of Mr. Madhav G. Padhye, Ex-Director of the Company. Mr. Padhye was associated with the Company since 1990 till he resigned in December, 2008. He had wide experience in the Civil Engineering, Government Service and Water Resource Development Projects. His expertise and guidance to the Board and the Company has been noteworthy. The Board wishes to place on record its gratitude for the guidance received from Mr. Padhye.

Mrs. Lalita D. Gupte, Mr. P.S. Jawadekar and Mr. Rahul Kirloskar, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Subject to members' approval, the Board has re-appointed Mr. R. K. Srivastava, Whole Time Director and Mr. Sanjay C. Kirloskar, Managing Director with effect from September 19, 2010 and November 19, 2010, respectively.

AUDITORS

M/s. P. G. Bhagwat, the Auditors retire at the ensuing Annual General Meeting and are eligible for re-appointment. The requisite certificate pursuant to section 224 of the Companies Act, 1956 has been received. The Audit and Finance Committee has recommended their re-appointment and the annual audit fees.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation of the unstinted support and co-operation given by banks and financial institutions. Your Directors would further like to record their appreciation of the efforts of every employee for the results achieved during this year.

For and on behalf of the Board of Directors,

**SANJAY KIRLOSKAR**

CHAIRMAN

Pune : April 26, 2011

ANNEXURE – I TO THE DIRECTORS' REPORT

A. Conservation of Energy

The Company continues to take steps for conservation of energy. Through various initiatives towards conservation of energy, company saved about Rs.55.90 Million during the year 2010-11, which is significantly high i.e. 9.25 times as compared to the last financial year 2009-10 - savings of Rs. 6.03 Million.

During the year, following major steps were initiated by the company towards Conservation of energy :

- Adoption of divided blast cupola to improve coke to metal ratio,
- Installation of turbo ventilators in the entire factory including stores and security offices, Adoption of energy efficient motors,
- De-rating of motors
- Installation of ETP/STP plant and use of treated water for gardening
- Use of energy saver for CNC turning lathes to reduce power cost.
- Use of energy efficient transformer and
- PID controller for heat treatment furnace to reduce power consumption,
- Efforts to reduce consumption of water, power through Installation of power saver instrument, installation of LED lights, use synchronous timers etc.

B. Technology Absorption

1. Research and Development (R&D)

a. Specific area in which R & D carried out by the Company

- **Secondary Sodium Pump for Bhartiya Vidut Nigam Limited for Nuclear application.**
- Development of High pressure, high temperature KPDV 100/30 pumps for **Nuclear application.**
- In line IL pumps
- KPD End suction pumps
- Vertical end suction SHL pump
- Model pump for CVP 2000 Concrete volute pump.
- **Largest Horizontal split case pump** for CW application model UPH 1200/160.
- Development of largest capacity VT pump model.
- Value engineering of components for VT pumps (like fabricated bowl, bell mouth, etc).
- Experimental sump model studies for various applications like power plants, irrigation schemes
- In house development of large thrust bearing.
- Largest sewage handling of pumps
- Structural analysis and value engineering of valve components

b. Benefits

- Technology development of pumps for **Nuclear** application.
- Global reference for Large Vertical Pumps
- Reduction in product lead time
- Competitive edge through product positioning
- Application coverage
- Improved quality of the product
- Competitive product cost
- Solar Drive which are used for **solar pumping system** can be used for charging, domestic lighting during pump idle condition.

c. Future plan of action

- Development of high pressure metallic volute pumps with guide vane arrangement
- Development of BHA pumps for series enhancement
- Development of Large flow VT pumps for various power plants
- In-house development of 200 Ton capacity thrust bearing for high capacity concrete volute pumps
- Development of pumps for Marine and Defense application
- Development of High pressure, high temperature canned motor pumps for Nuclear application
- Water mist system for sub marine simulation
- Rationalizing all end suction pumps
- Thermic fluid pumps type KPDT for high temperature application
- Baby boiler feed pumps for high temperature application for cogeneration plants.
- Vertical sump pump type KPDS for Molten salt and molten sulphur
- API standard Gate Globe Check valve for Oil & Gas and petroleum industries.
- Solid handling pumps with LLC feature.
- Condensate Extract Pump for 800 MW & smaller power plants
- Formation of solar pumping group
- Smart pump, with built in electronic system to operate the pump at remote locations from any part of the world using mobile technology.

d. Expenditure on R & D (Including new product development)

a. Capital	Rs.	4.89 M
b. Recurring	Rs.	162.90 M
c. Total	Rs.	167.79 M

d. Total R & D Expenditure as a Percentage of total turnover 0.86%

2. Technology absorption, adaptation and innovation**a. Efforts, in brief, made towards technology absorption, adaptation and innovation**

- Electronic control of pumping of operation and remote monitoring through internet connection is developed.
- Development of Ni Al bronze castings with radiography quality.
- Development of split case pump.
- Development of new impeller locking arrangement.
- Pneumatic testing facility to test the pumps and protect it from jamming due to the formation of rust at the time of hydraulic testing.
- A new hanger type shot blasting machine installed.
- Small pumps impellers made up of Noyr instead of cast steel.
- **Solar pumping system** developed to meet wide range of requirements under protection systems like, overheat, overload, over voltage, under voltage, ground fault system etc.,

b. Benefits derived as a result of the above efforts

- Good pumping system control mechanism
- Ease in assembling and weight reduction in pumps
- Overall weight reduction, interchangeability, consistent performance and increase in efficiency

c. Technology imported during the last 5 years

Technology Imported	Year of Import	Has technology been fully absorbed?	If not fully absorbed, areas where this has not taken place, reasons therefor and future plan of action
CV and MV Pumps Deep well Pumps	2008	Yes	Not applicable
Use of Math CAD for calculations and estimating weight of components from 2D drawings.	2008	Yes	Not applicable
SS fabricated impeller from Taiwan	2010	No	Partially completed

C. Foreign Exchange Earnings and Outgo

Exports Activities :

Your Company has achieved exports of Rs. 1827 Million. Major orders executed were from Laos, Senegal and Egypt for irrigation projects while those from the UK, USA, Europe and West Asia were for distribution business. Once again, as has happened many times before, your company received the "Export Excellence" award from the Engineering Export Promotion Council / Ministry of Commerce, Government of India, New Delhi.

The company's sustained efforts in spreading the message of "Food Sufficiency" by ushering in Green Revolution in Africa is showing excellent results and the company is poised to get some prestigious contracts for irrigation projects from Senegal, Togo, Guinea Conakry, The Gambia, Sierra Leone, Ghana and Namibia in FY12. Our successful irrigation project in Senegal where their rice production has gone up by 6 times to over 660,000 tonnes over the last three years has gone a long way in proving the utility and long term commitment of KBL's AAA- Affordable, Adaptable and Appropriate pumping systems to the African nations which are still heavily dependant on rain fed agriculture and which have potential of millions of Hectares of farmland for irrigation. The Arab Uprising in North Africa, especially Egypt and the subsequent uncertainties that followed have delayed our prestigious projects in Egypt, however, we are hopeful that we will execute them successfully in FY12.

Your company received delegations from across the globe who visited 'Yamuna' as also some of our prestigious pumping installations in water supply and irrigation. The delegations came in from Suriname, Pacific Rim Islands, Senegal, Togo, Ghana, Nigeria, Malawi, Lesotho, Sudan, UK, USA and Europe.

Your company is poised for impressive growth in exports in FY12.

Foreign exchange earnings and outgo:

Earnings	Rs. 1,833,226,272/-
Outgo	Rs. 2,025,996,931/-

ANNEXURE – II TO THE DIRECTORS' REPORT

Information under Section 217(2A) read with Companies (Particulars of employees) Rules, 1975, as amended and forming part of the Directors' Report for the year ended March 31, 2011.

Name & (Age)	Qualifications	Designation/ Nature of duties	Date of commencement of employment & (Experience)	Gross Remuneration Rs.	Last employment
Kirloskar Sanjay (54)	Bachelor of Science (M.E), Illinois Inst. of Tech. USA	Managing Director	02.05.1983 (33)	32432132	Manager, Kirloskar Cummins Ltd., Pune
Sapre J. R. (66)	Bachelor of Science	Whole Time Director	01.04.2002 (45)	13528772	Vice President - (MED) Marketing, Kirloskar Oil Engines Ltd., Pune
Srivastava R. K. (64)	M. Tech (I.I.T. Bombay)	Whole Time Director	15.05.1989 (39)	10989862	General Manager (Tech), Worthington Pump India Ltd., Kolkata
Nerlekar Anil R. * (56)	B.Com	General Manager – Corporate Finance and Accounts	04/01/1990 (36)	555208	Executive – Taxation Dr. Beck Limited

* Employed for the part of the year

- NOTES :
1. Designation denotes the nature of duties also.
 2. Other terms and conditions are as per the service rules and conditions of the Company.
 3. The nature of the employment of all the above employees is contractual.
 4. Gross Remuneration comprises of salary, commission, allowance, medical, other perquisites and companies contribution to PF and Superannuation funds.
 5. None of the above employee is a relative of a director of the Company, except Mr. Sanjay Kirloskar, who is a brother of Mr. Rahul Kirloskar.
 6. None of the employees holds 2% or more of the paid-up equity share capital of the company, except Mr. Sanjay Kirloskar.

ANNEXURE – III TO THE DIRECTORS' REPORT

Disclosures under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 –

Particulars	Employees' "Share a Vision" Stock Option Scheme, 2007																						
a. Number of Options granted	555,750 options																						
b. Pricing Formula	5,52,250 options at Rs.200/- and 3,500 options at Rs.2/-																						
c. Number of Options vested	264,020 Options																						
d. Number of Options exercised	17,685 Options																						
e. Total number of shares arising out of exercise of Options	17,685																						
f. Number of Options lapsed	272,795 options																						
g. Variation in the terms of the Options	No variations																						
h. Money realized by exercise of Options	Rs. 32,40,000/-																						
i. Total number of Options in force	265,270 options																						
j. Employee wise details of options granted to -																							
i. Senior Management Personnel	None																						
ii. Any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during the year	None																						
iii. Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	None																						
k. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 – Earnings Per Share	Rs. 7.73																						
l. Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2">Net Profit</td> </tr> <tr> <td>As reported</td> <td style="text-align: right;">613,599,742</td> </tr> <tr> <td>Add – Intrinsic value</td> <td style="text-align: right;">610,601</td> </tr> <tr> <td>Less – Fair Value</td> <td style="text-align: right;"><u>(1,729,314)</u></td> </tr> <tr> <td>As Adjusted</td> <td style="text-align: right;">615,939,657</td> </tr> <tr> <td colspan="2">Basic EPS</td> </tr> <tr> <td>As reported</td> <td style="text-align: right;">7.73</td> </tr> <tr> <td>As adjusted</td> <td style="text-align: right;">7.76</td> </tr> <tr> <td colspan="2">Diluted EPS</td> </tr> <tr> <td>As reported</td> <td style="text-align: right;">7.73</td> </tr> <tr> <td>As adjusted</td> <td style="text-align: right;">7.76</td> </tr> </table>	Net Profit		As reported	613,599,742	Add – Intrinsic value	610,601	Less – Fair Value	<u>(1,729,314)</u>	As Adjusted	615,939,657	Basic EPS		As reported	7.73	As adjusted	7.76	Diluted EPS		As reported	7.73	As adjusted	7.76
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Diluted EPS																							
As reported	7.73																						
As adjusted	7.76																						
m.1 Weighted average exercise prices for options whose exercise price –																							
i. equals market price	Nil																						
ii. exceeds market price	Nil																						
iii. is less than market price	Rs. 2																						
m.2 Weighted fair values for options whose exercise price –																							
i. equals market price	Nil																						
ii. exceeds market price	Nil																						
iii. is less than market price (as on grant date)	Rs. 222.68																						
n. A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:	Black Scholes Option Pricing Model using the following assumptions.																						
1. risk free rate	6.23%																						
2. expected life	2.50 years																						
3. expected volatility	62.85%																						
4. expected dividends and	1.59%																						
5. the price of the underlying share in the market at the time of option grant.	266.55																						

AUDITORS' CERTIFICATE

We have examined the books of account and other relevant records and based on the information and explanations given to us, certify that in our opinion, the company has implemented the Employees' "Share a Vision" Stock Option Scheme, 2007, in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and resolution of the Company in the 87th Annual General Meeting held on July 20, 2007.

For M/s P. G. BHAGWAT
Chartered Accountants

Pankaja Bhagwat
Partner Membership No. 86155
Registration No. of the Firm : 101118W

Pune : April 26, 2011

Management Discussion and Analysis

World Economy

International Monetary Fund estimates World Economy to grow by 4.4% in 2011. Commodity prices are expected to continue to rise in 2011, but the International Monetary Fund warns that inflation could become a problem. The triple shock of earthquake, tsunami and nuclear disaster in Japan may affect recovery in 2011. Emerging economies are still expected to out-perform the developed world in 2011 and are expected to remain buoyant at 6.5%, a modest slowdown from the 7.1% recorded in 2010. Notably, growth in sub-Saharan Africa projected at 5.5% in 2011 and 5.8% in 2012, is expected to exceed growth in all other regions, except developing Asia. This reflects sustained strength in domestic demand in many of the sub-Saharan African economies as well as rising global demand for commodities. Upward pressure on commodity prices is expected to persist in 2011, due to continued robust demand and a sluggish supply response to tightening market conditions. With emerging markets now accounting for almost 40% of global consumption and more than two-thirds of global growth, a slowdown in these economies would deal a serious blow to the global recovery. On the upside,

business investment could rebound faster than currently expected in key advanced economies, underpinned by strong corporate sector profitability.

Indian Economy

Gross Domestic Product (GDP) of Indian Economy is estimated to have grown at 8.6 % in 2010-11 in real terms. The Asian Development Bank in its Development Outlook Report, 2011, has stated that concerns over high food prices will now shift to oil, as elevated international oil prices will put pressure on inflation. Monetary policy measures taken by the Reserve Bank of India are expected to further moderate inflation in the coming months. However, the Asian Development Bank estimates that surging oil prices and the Reserve Bank of India's tight monetary policy may lower the forecasted growth for the Indian economy to 8.2% from 8.7% for the current fiscal. Exports have grown by 29.4%, while imports have recorded a growth of 17.6% during April to January 2010-11 over the corresponding period last year. The government focus will be towards infrastructure development. Allocation for infrastructure in 2011-12 has been increased from 23.3% to 48.5% of total plan allocation.

Government is expected to come out with a comprehensive manufacturing policy. The government proposes to boost the share of manufacturing in economy from about 16% to 25% over a period of 10 years.

Global Pump Market Outlook and Growth Drivers

World pump demand is forecast to rise 6.5 % annually. Three-fifths of all new fluid handling pump demand generated during the 2009-14 period will be attributable to the Asia Pacific region. Several Asian countries are projected to record impressive gains, including China, India and Malaysia. Central and South America is expected to be the next best performing market, followed closely by the Africa and Middle-east region and Eastern Europe. A recovery in fixed investment spending, primary energy consumption and construction activity will promote healthy sales in a number of developed nations, including Australia, the Netherlands, Canada, Austria, Japan and Spain.

Centrifugal pumps will account for over 70% of the revenues. Municipal waste water will be the largest application segment followed by municipal drinking water. Refineries

will be the third largest segment and power will rank fourth. The factors affecting the growth of the global pump industry are :

- * Amidst concerns of global warming, climate change and rising energy cost, energy-efficient and robust pumping solutions can be the growth drivers for the industry.
- * The stringent environmental regulations will help generate demand for more efficient and better performing fluid handling pumps, such as seal-less centrifugal models like KBL's innovative Chemical Process (i-CP) pump.
- * The market may witness the reduction in pump sales for conventional oil and gas and refining applications and the

growth of sales in non-traditional applications.

- * Desalination and various filtration technologies are witnessing huge demand globally.
- * Proper selection of pump based on the application, may lead to a more consultative sales approach.

Indian Pump Industry

Indian customers are demanding good quality and trouble free performance and ready to pay for it. The systems approach is welcomed by the clients who look for complete solution or turnkey job by the vendor who can design, install, commission and complete the project. The availability of better pumps for a better price is the challenge the industry faces.

Strategy and Policy

The challenges in the market on account of rising oil and commodity prices and political disturbance were addressed by reviewing our strategy and policy. Our company will focus on profit driven sales with good cash flow. We were selective with sales orders and execution to improve sales mix, which resulted in share of own product sales to total sales going up as against previous year but resulted in a fall in sales. However, quality of sales was better. Project management was organized with delegation of more control to the site controllers for timely closure of projects.

Kirloskar Systech Limited was formed to address the requirements of system engineering, designing and support services. This step was taken in alignment with our stated objectives of offering integrated fluid management solutions. In order to achieve operational excellence across the company, all the factories are now covered under QMS 2008 and OHSAS.

We have made strategic investments to address market opportunities. The Kaniyur village, Karumathampatti – PO, Coimbatore plant, for Mini pumps and the Charodi village, Sanand, Ahmedabad plant for submersible pumps will be commissioned in the



Our new plant at village Kaniyur, Coimbatore, Tamilnadu

fiscal 2011-12. Motor manufacturing capacity will be enhanced to 6000 units per month, which includes more than 2000 motors from the Hematic Motors Private Limited our wholly owned subsidiary. A policy decision has been taken to make all standard products manufactured at our Dewas factory as Bureau of Energy Efficiency 'Star' products. As a part of the initiative, more than 100 models are already 5-Star labeled through third party inspection and others are under process of getting labeled.

International Business Strategy

The export business achieved ₹ 1827 million in turnover. We have successfully executed projects in Senegal, Laos, Egypt, Taiwan, Chile and USA. We have been pursuing inorganic growth strategy to attain desired objectives in the identified

international spheres. We acquired 90% shares in Braybar Pumps (Proprietary) Limited based in South Africa. Braybar has been in operation since 1986 and is actively involved in manufacturing and servicing high head multistage pumps for mining industry. This acquisition will help leverage our position in the African continent. We will continue to focus on developing markets in Africa and Latin America. Our subsidiary, SPP pumps U.K. has been successful in establishing its presence in the continent of North America and Europe.

Sustainability and Growth Initiatives

The company has released its first sustainability report for the year 2009-10. This report is as per the Global Reporting Initiative (GRI) G3 guidelines.

The report provides details on economic, environmental and social parameters. The company has signed Confederation of Indian Industry's (CII) Code for Ecologically Sustainable Business Growth and has also implemented projects to achieve the objectives. In addition to implementing projects related to energy conservation, our company has focused on natural resource conservation through regular monitoring the consumption of resources like water, diesel and paper. This is evident from the projects completed for energy savings. Considerable amount of electrical energy was saved at our factories located at Kirloskarvadi and Dewas. Conservation of energy and natural resources will help in cost reduction and maintaining a competitive edge, thus ensuring sustainability of our business. There is a 23.8% reduction in specific water consumption (kiloliters / ₹ Million sale). Specific electricity consumption (kWhrs/ ₹ Million sale) has reduced by 3.12% in 2010-11 as compared to 2009-10. We will continue to strive and reduce the impact of organization's activities on the environment.

At KBL, we value life and believe that accidents are avoidable. The company organizes periodical safety audits and safety trainings at its sites, factories and offices to further



KBL acquires Braybar Pumps (Pty.) Limited. Mr. Des Shepherd, Managing Director, Braybar Pumps sealed the deal with Mr. G. P. Kulkarni, Vice President and Head - Legal & Company Secretary, Kirloskar Brothers Limited in Johannesburg

strengthen safety systems. Corporate Safety Committee reviews safety performances periodically to ensure an injury free work place.

Risks and Concerns

Risks of critical importance have been identified over a period. These risks are scored and ranked based on their impact on the company's business and likelihood of their occurrence. The Risk Management Committee takes stock of these risks and calls for necessary mitigation measures. These action plans are then reevaluated to ascertain whether the score for the risk has gone down, which would suggest that the mitigation plans are yielding results. New risks are added as per the economic and business scenarios and undergo the same evaluation and mitigation process. The earlier identified risks are also taken up for

scrutiny to ensure that the plans are firmly in place to overcome them.

Identified risks include :

- * High level of fiscal deficit
- * Inflation
- * Increasing interest costs
- * Payment terms by customers and
- * Increase in material costs, mainly for commodities as well as oil prices are further threatening the bottom-line

Water Resource Management

Water supply and sanitation facilities are presently a focused area of business due to urbanization coupled with scarcity of water. Government through the Jawaharlal Nehru National Urban Renewal Mission and Urban Infrastructure Development Scheme for small and medium towns scheme, is providing

adequate funds to finance 11th five year plan's target of providing 100% water supply for the entire urban population. Still 24x7 water supply, quality of water supplied and partial treatment of sewage are major areas of concern. Under such circumstances there is demand for efficient water management practices with latest technologies and Lowest Life Cycle cost options, which we are focusing upon.

Some of the prestigious orders executed during the year 2010-11 include :

- * Pimpri Chinchwad Municipal Corporation's (PCMC) Ravet Water Supply Pumping Station (Electro Mechanical Package) which was completed in five months
- * 73 Million Litres Daily (MLD) Water Supply Scheme for Kerala Water Authority consisting of intake pump house, water treatment plant and clear water pumping station
- * 285 Million Litres Daily (MLD) Vasna Sewerage Pumping Station for Ahmedabad Urban Development Authority
- * 102 Million Litres Daily (MLD) Vinzol Sewerage Pumping Station for Ahmedabad Urban Development Authority
- * 8.5 Million Litres Daily (MLD) Sewage Treatment Plant for Vadodara Municipal Corporation



125 Million Litres Daily (MLD) water treatment plant for Coimbatore Municipal Corporation

* 125 Million Litres Daily (MLD) Water Treatment Plant for Coimbatore Municipal Corporation

Kirloskar Brothers and its JV partner were successful in getting the prestigious 585 Million Litres Daily (MLD) water supply scheme order from the Bangalore Water Supply and Sewerage Board worth ₹ 439 Crores. KBL's portion is of ₹ 219 Crores which includes 30 numbers of high head horizontal split case pumps. The order is under fast track execution. We have also received our first order for 100 Million Litres Daily (MLD) desalination plant at Chennai and the Kalyan Dombivli Corporation has placed a major refurbishment order for the 143 Million Litres Daily (MLD) water treatment plant at Barve and Titwale.

Irrigation

The business sector's focus was on site management, closure of sites and strengthening the tendering process. These efforts would go a long way in solving the market and business challenges. Monitoring by a well experienced team has led to improvement in the quality of site management. The decentralization of project execution led to close customer interaction, cost savings, faster execution and site closures. The measures were aptly demonstrated in the fast execution of

project in Senegal.

The business sector bagged the first Engineering, Procurement and Construction (EPC) order in Maharashtra, establishing the sector as an EPC contractor in the state. Computational Fluid Dynamics (CFD) analysis in place of sump model for a Karnataka based client helped to reduce cost and time of the project.

Power

The business sector was successful in completing a series of large projects in the Indian power industry by providing customized solutions to customers, focused on developing innovative pumping products. Our resolve to serve the emerging nuclear energy market is aptly reflected in initiatives like The American Society of Mechanical Engineers (ASME) -

Nuclear Stamp Certification process, which has commenced at Kirloskarvadi factory with the help of Lloyds Register. We have received approvals from all leading global Engineering, Procurement and Construction (EPC) companies for pumps and pumping systems for nuclear power projects.

The notable achievements are :

- * The largest horizontal split-case pumps for circulating water (CW) application for the Pipavav Thermal Power Project.
- * The largest circulating water pump (CWP) system in the world for a power plant which includes 10 sets of concrete volute pumps each of 63,000 m³ per hour for the 5x800 MW Coastal Gujarat Power Limited (CGPL), Mundra Ultra Mega Power Project of Tata Power Limited



Largest size butterfly valve for thermal power plant in India. 3600 mm diameter for sea water application for 2x660 MW Essar Power Salaya Thermal Power Project

- * The largest indigenously developed condensate extraction pump for 2 x 800 MW Krishnapattanam Thermal Power Project of Andhra Pradesh Power Development Corporation Limited
- * The largest butterfly valve of 3600

millimeter for sea water application of Salaya Power Project of Essar Power

- * The largest Vertical Turbine pumps for circulating water (CW) pump application for Tiroda Thermal Power Project of Adani

Power each of capacity 40,000 m³ per hour consisting 12 pump sets

- * The secondary heat transfer pumps for the 500 MW prototype fast breeder reactor at Kalpakkam.

On the international front, we successfully completed the erection of circulating/cooling water (CW) pumps for Colbun project, Chile and the Prairie State Energy Project in the United States, ahead of the schedule and received appreciation from customers.

Our hydro business offers hydro turbine solutions for turnkey projects on a 'Concept to Commissioning' framework. Being an established and proven player in the field of fluid handling, we are well placed to focus our attention on hydro turbines.

Industry

This business sector has focused on lowest life cycle cost (LLC) concept or products which have the lowest total cost of ownership (TCO). Based on this concept, we have sold our range of LLC pumps to National Peroxide as well as steel companies and chemical manufacturers. There is an export focus on process industries where the sector has made headway with orders from Japan Gas Company (JGC) and Chiyoda Japan after competing with global players on the grounds of product efficiency and life cycle cost. Based on the success of initial orders,



Successful commissioning of 2 Sets of CW pumps for 370 MW Central Thermolectric Santa Maria project at Coronel in Chile of Colbun SA – bowl pull out design pumps for sea water application.



Successful commissioning of 3 Sets of CW pumps for the 2x800 MW Prairie State Energy Campus, Illinois, USA.



FM / UL fire hydrant system erected and commissioned at Jindal Steel and Power Limited, Raigarh (Chattisgarh)

JGC and Chiyoda have awarded the company with repeat orders for process pumps. The sector installed Factory Mutual / Underwriters' Laboratories (FM-UL) fire pumps at Jindal Steel and Power Limited. FM-UL fire pumps are the safest pumps in the world and used as a standard in American and European plants. We have launched 'Dolphin' a new product selection and manufacturing process tracking software that has enabled the sector to respond quickly to enquiries and customers are also able to view lead times of their orders.

Oil and Gas

The Oil and Gas business sector maintained its leadership position in fire fighting pump business with prestigious orders from ONGC's Mangalore Refinery and Petrochemicals Limited and Gujarat State Petroleum Corporation Limited. The sector also received orders for cooling water applications from Gactel Turnkey Projects Limited and Bharat Heavy Electricals Limited. The sector is trying to promote Underwriters' Laboratories, Incorporation (UL) and/or Factory Mutual Research Corporation (FM/UL) approved fire fighting sets and valves for utility application in oil refineries and petrochemical

industries. The move will assist in developing business opportunities in the upcoming as well as replacement market.

Building and Construction

The sector has established itself as a system supplier creating awareness for space saving concepts, user friendly low maintenance design and energy saving coatings. Major approvals were received from regional and national consultants and customers like Delhi Metro Railway Corporation, Bangalore Metro Railway Corporation, GVK Industries Limited, GMR Group and Larsen and Toubro. The demand for the products and packages from Original

Equipment Manufacturers (OEM) and contractors increased owing to the availability of products and customer relationship management of KBL.

Marine and Defense

This business sector continues to offer customized solutions to the Defense and Marine segments. After obtaining plant approval from the Directorate General of Quality Assurance (DGQA), we enhanced our qualification further when the Indian Register of Shipping (IRS) accreditation for the Kirloskarvadi foundry and the factory was obtained. We have received new orders for the forthcoming survey vessels of Indian Navy through shipyard. We are developing portable submersible pumps for Indian Navy and have also received similar orders from the Coast Guard. This has helped in breaking monopoly of the competitors and led to deeper market penetration. We have also received prestigious order from Defence Research and Development Organization (DRDO) for design and system engineering of the Water Mist System on-board a nuclear submarine. For on-shore establishments we received a turnkey order for the Garden Reach Shipbuilders and Engineers (GRSE) modernization project. We were successful in getting repeat order for

underwater valves with Det Norske Veritas (DNV) certification for merchant vessels built by Mazgaon Dock.

Domestic and Agriculture

The Domestic and Agriculture business focused on market segmentation in view of changing market conditions. This segmentation led to better commercial policies which were well received helping enhance the overall customer experience. New dealers were appointed and dealer friendly service and replacement policy created confidence in our channel partners. Dealer capability programs helped in the growth of business. Promotional programs like mandi activation and mukhiya, and dealer panel meets, conferences and mystery shopping which focused towards generating sales had a positive impact. We contacted more industrial customers as a part of the marketing activity. Customer visits and other marketing measures have improved our visibility in the market. Product gaps were analyzed for market potential. New product development process was established from market brief to product clinics.

Focused energy audits have yielded

encouraging results. These audits have promoted the concept of energy efficiency and conservation without losing sight of the business opportunity.

Customer Support and Service

Customer Support and Service with its organization structure and resources took several steps to provide quick and efficient support services. We launched toll free number for quick and easy registration of complaints by customers and faster resolution time. A reduction in complaint resolution time for Dewas products was achieved with the appointment of additional Authorized Service Centres (ASC).

The rationalization of Small and Medium Pumps Division spare parts prices has improved our market share. We have changed from 16 to 13 digits for Small and Medium Pumps Division spares for faster processing and issuance of orders through portal. There is a good improvement in the demand for spares due to this initiative.

Kirloskarvadi

Kirloskarvadi plant is continually striving to reduce the impact of organization's activities on environment, occupational health and safety of employees through implementation of management systems as per ISO -14001 and OHSAS -18001. We have integrated Environment, Health and Safety Management System to focus and align the system inline with sustainability reporting guidelines and the 'CII code for ecologically sustainable business growth'.

The company provides refresher training on safety to all employees so that safety is not ignored at any point in time. In order to improve engagement of employees at all levels, we have developed Department Safety Councils in addition to the statutory Safety

Committee. We celebrate 'Safety and Energy Week' to enhance awareness of the environment, health and safety issues.

We were successful in getting approvals of the Kirloskarvadi facility from international customers like Kemper County USA, JGC Corporation Japan, IHI Corporation Japan, and GE Infrastructure among others.

The steel foundry's capacity enhanced to 100 tons per month. This would help meet the demand for products having exotic material of construction especially for process pumps in the industry sector. Similarly non-destructive test facilities were upgraded to retain our position in the power sector and create differentiation in the market. There is added thrust to utilize 'Replicast' casting technology. We

have built a state-of-the-art testing and packaging facility for FM/UL pumps.

Kirloskarvadi factory received the National Energy Conservation Award-2010 for Energy Conservation efforts and Golden Peacock Award for Corporate Social Responsibility for the year 2010. Kirloskarvadi factory achieved Level - 2 in Total Cost Maturity (TCM) model by Confederation of Indian Industry.

The development of the secondary heat transfer pump is an event of national importance for the country's fast breeder nuclear reactor program. During the year, our Company filed 6 patents (under scrutiny) for innovation. We have initiated the process for 'N Stamp' to enhance our nuclear pump business.

Dewas and Shirwal

The Dewas and Shirwal factories worked to optimize production cost of small pumps and motors and provide innovative products of international quality. The concept of energy efficiency has been taken up in a major way. More than 120 models are already Star labelled by the Bureau of Energy Efficiency and other models are under process. A radical path was undertaken by the Dewas factory to become responsive, flexible and agile in meeting the customer demand to eliminate stress on manufacturing



New state-of-the-art testing and packaging facility for FM/UL pumps in Kirloskarvadi



New assembly lines for single phase and KOS pumps which yielded a productivity improvement of up to 80% in Dewas.

and improve on time delivery.

The factory successfully completed a new layout for Single Phase and KOS pump production lines which led to the productivity improvement. The new Coimbatore factory production is expected to commence during the current year. The plant capacity will be 20,000 pumps per month. Our Sanand plant for submersible pumps will be commissioned by October, 2011 with trial production by November, 2011. The new plant's capacity will be 7,500 pumps per month. These pumps are meant for agricultural applications. Motor manufacturing has been shifted to Karad with 3,000 motors manufactured in February, 2011. This would be further enhanced.

An agreement was signed with the Union in a cordial atmosphere and higher targets as per Maynard

Operating Sequence Technique (MOST) norms. We plan to take major initiatives on lean practices, innovative products and sustainability. Supplier quality improvement programs and in-house quality improvement were initiated and investment made in a new quality laboratory. As a result, the cost of quality has come down significantly. Measures for enhancing employee engagement like Kaizens, Quality circles to name a few were undertaken.

Kondhapuri

Kondhapuri valve factory was instrumental in developing a host of new products to address the demands of municipal, irrigation and power segments. New products developed include 1,500 millimeter rising or non-rising Spindle Sluice

Valve and 3,600 millimeter Butterfly Valve. These valves are of the largest size so far produced by the factory. The tamper-proof Kinetic Air Valve range (50 millimeters to 200 millimeters) was developed to address the water pipeline applications.

The factory has taken measures to improve productivity as well as capacity. A Vertical Turret Lathe (VTL) of 4.5 meters was installed and a new Gauge Room and Tool Crib was set up. 7 sub zones of the factory qualified for 3 'S' under 5'S'. The factory won the first prize for the i-Mission project and received a patent. It won the 1st runner up award in Kirloskar Group Energy Conservation (ENCON) competition. The factory took several initiatives for protecting the environment and energy conservation. This includes the commissioning of new sewage treatment plant and effluent treatment plant, installation of a Kirloskar solar panel system, completion of recycled water piping work and pump installation.

The factory organized training courses for its employees. The objective was competency and overall development of the employees. Energy conservation training for all employees was organized with the help of an external agency.

Research, Development and Engineering

The company has taken steps to improve upon product design, technology and technical services. The objective is reflected in actions such as the development of high pressure and high temperature pumps for nuclear applications and development of the largest horizontal split-case pump for cooling water application in thermal power plants. Value engineering of vertical turbine pump components helped to improve their functionality. At the same time, the vertical pump model with largest discharge capacity in India was manufactured. New pump models were introduced to address the demand of building and construction Industry and waste water treatment segments. Experimental sump model studies for various applications like power plants and irrigation schemes were done so as to offer appropriate, adaptable and affordable solutions. The department assisted in reducing product lead times and improving product quality. Keeping in view the emerging demand for better control and monitoring of the pumping systems, electronic control of pumping system operation and remote monitoring through internet were successfully developed.

Global Marketing

The company launched a customer loyalty program in the form of 'Oldest Pumps Contest' for pumps used for Industrial applications. The response to the contest was overwhelming. We have conducted customer perception surveys in India to assess the level of customer satisfaction with our offerings. We have also completed market research surveys for pumps with applications in industry, building and construction, irrigation and power. Findings of the surveys are being used to make our processes addressable to market needs.

KBL's communication team successfully crafted and introduced advertisements and promotions meant for nuclear energy, thermal energy and industrial market focused under the theme of 'Reliable, Innovative and Cost Effective'. The

campaign also focused on the solution providing capability of Kirloskar Brothers wherein pumping solutions led to the empowerment of people in Africa.

Seminars were organized in Kenya, Uganda and Tanzania focused on sugar industries as a part of the 'Focus Africa' program. Product launches and exhibitions were organized in Nigeria to tap business potential. New dealers were appointed for United Arab Emirates and Morocco.

Financial Performance

Total sales are at ₹ 19,418 million as against ₹ 20,178 million in PY - drop of 4%.

KBL was selective with orders and execution to improve sales mix.

Composite material cost as % to sales has reduced from 74.3% in PY to 69.1% in CY.



Dealer launch at Lagos, Nigeria

Total expenditure including ERE and Depreciation is ₹ 4,795 million as against ₹3,606 million in PY.

Current year expenditure increase is mainly due to ERE ₹ 456 million and Subsidiary Company - Kirloskar Constructions and Engineers Limited's advance written off – ₹ 675 million.

Despite pressure on working capital throughout the year, interest cost has come down to ₹ 300 million from ₹ 336 million in PY.

PBT is at ₹ 1,031 million as against ₹ 1,730 million in PY – reduction is primarily due to the Kirloskar Constructions and Engineers Limited's advance write-off.

Human Resource

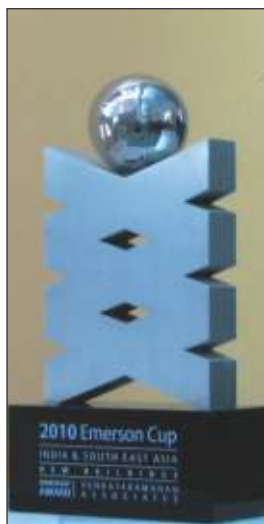
The Human Resource department has been awarded the prestigious 'Technology Excellence Gold Award' by Greentech Foundation, New Delhi. The award recognizes the fact that Kirloskar Brothers makes utmost use of technology to provide user friendly processes to its employees and our movement towards paperless office.

Values are an integral part of every culture and tend to influence attitudes and behaviours of employees. To accentuate the value concept, 'Values Workshops' were conducted at all locations to imbibe the importance of KBL values amongst

its employees and to enhance relations with stakeholders.

Gallup Research shows that engaged employees can enhance productivity and revenue. Employee Engagement Survey reveals that grand mean score of year 2011 has improved from 3.94 to 4.04 indicating KBL is on right path. KBL has been elevated to 58th percentile in Gallup database. There is increase in loyalty, advocacy and satisfaction measures. Employees at KBL feel proud, confident of future, leadership and the alignment with organizational values. Challenging jobs, freedom, empowerment, adherence to systems and social responsibility are other anchors at the workplace. KBL has 41 world class team leaders, who have achieved

Some awards and accolades received by KBL



Emerson Cup: India and south East Asia - New buildings for Yamuna



CII National Energy Management Award



In-house Communication Excellence (ICE)– Best In-house Magazine Award



Technology Excellence in HR Gold Award – Green Tech Foundation

their employee engagement grand mean score, above 75 percentile.

In the year 2010, to attract and retain talent, compensation and benefit survey was conducted and based on the findings salaries across the organization were revised to the market median and employees' compensation was enhanced. The proactive step was towards retaining and attracting employees in the competitive global scenario.

At all manufacturing locations the industrial scenario was harmonious and peaceful. New wage contracts linked with productivity were signed at Dewas, Kondhapuri and Shirwal factories.

The major aspect of the company's talent management includes implementation of robust performance management, leadership development, identifying high potential employees and developing them for future leadership positions, succession planning and developing competencies. We are confident that in line with the KBL's

vision of being one amongst the first five pump manufacturers by 2015, the efforts are concentrated to develop talent pipeline to take future leadership roles from the organization.

The total permanent employee strength at KBL is 2,237 as of 31st March, 2011.

Internal Control Systems

The company has a business planning and review system (Long Range Plan and Annual Operating Plan) to set targets and performance parameters for business operations which are reviewed with actual performance by the Senior Management and Board of Directors.

Independent internal audits are regularly carried out as per the audit calendar and audit program drawn at the beginning of the year. This is done to examine the efficacy of the internal controls. For this purpose, the company has continued the practice of appointing professional firms of

chartered accountants.

The internal audit reports are initially presented to the Executive Committee of the management consisting of Chairman and two whole time Directors. The audit recommendations are then taken up for implementation by the Executive Committee. The final audit presentation is made to the Audit Committee of the Board of Directors. During this presentation the Executive Committee appraises the Audit Committee of its plans to implement the audit recommendations. On the basis of these reviews, the Audit Committee directs the Management to take appropriate actions.

In order to further enhance internal control mechanism, the Audit Committee has approved Long Range Plan (LRP) containing of Audit Charter, wherein, among other things, benchmarking of internal audit with international best practices is envisaged. Audit plans would be further structured to closely align to company's risk management framework.

Celebrating Hundred Years of Heritage



Honorable Shri Sharad Pawar, Union Minister of Agriculture and Food Processing Industries, inaugurating souvenir of Centenary celebrations at Kirloskarvadi (March 10, 2010)



East Zone : Sanjay Kirloskar welcoming Dr R P Goenka, Chairman Emeritus - RPG Group, at Kolkata celebrations (June 15, 2010)



South Zone : Sanjay Kirloskar welcoming M V Subbiah, Former Chairman - Murugappa Group, and Chairman - National Skill Development Corporation, at Chennai celebrations (November 16, 2010)



North Zone : Sanjay Kirloskar welcoming Arun Bharat Ram, Chairman - SRF Limited, at New Delhi celebrations (January 17, 2011)



West Zone : Sanjay Kirloskar welcoming Alok Kumar Misra, Chairman and Managing Director - Bank of India, at Mumbai celebrations (February 21, 2011)



Sanjay Kirloskar welcoming Honorable Dr. Patangrao Kadam, Minister for Forests, Rehabilitation and Relief Works, Earthquake Rehabilitation, Maharashtra, at the grand finale of Centenary celebrations at Pune (March 10, 2011)

REPORT ON CORPORATE GOVERNANCE

1. The Company's philosophy on Code of Corporate Governance :

The Company strongly believes that the system of Corporate Governance protects the interest of all the stakeholders by inculcating transparent business operations and accountability from management towards fulfilling the consistently high standard of Corporate Governance in all facets of the Company's operations.

2. Board of Directors :

The Board comprises of an optimal complement of independent professionals as well as Company executives having in-depth knowledge of business. As on the date of this report, there are thirteen directors of whom one is Managing Director, two are Whole Time Directors and ten (77%) are non executive directors of whom seven (54%) are independent directors.

During the financial year under review, six Board meetings were held on the following dates: April 26, 2010, July 27, 2010, September 3, 2010, October 28, 2010, January 20, 2011 and February 25, 2011.

None of the Directors on the Board hold the office of director in more than 15 companies or membership of committees of the Board in more than 10 committees or chairmanship of more than 5 committees.

The details are explained in the Table below:

Name of Director	Designation / Category of Directorship @	Board Meetings attended	Attendance at last AGM	No. of other Directorships held	No. of Committees of which Member / Chairman*
Mr. Sanjay Kirloskar	CMD	6	Present	11	1/0
Mr. Gautam Kulkarni	VC/NED	4	Present	6	2/0
Mr. Vikram Kirloskar	NED	3	Present	14	4/1
Mr. M.S. Kirloskar	NED (I)	6	–	0	0/1
Mr. S.N. Inamdar	NED (I)	4	–	10	3/4
Mr. Rahul Kirloskar	NED	6	Present	10	1/0
Mr. R.K. Srivastava	WTD	6	Present	5	0/0
Mr. U.V. Rao	NED (I)	6	Present	4	1/2
Mr. P.S. Jawadekar	NED (I)	6	Present	3	1/1
Mr. J.R. Sapre	WTD	6	Present	6	1/0
Mr. A.N. Alawani	NED (I)	6	Present	6	3/3
Mrs. Lalita D. Gupte	NED (I)	5	Present	7	3/1
Mr. Pratap B. Shirke	NED (I)	6	Present	10	2/0

Mr. Sanjay Kirloskar and Mr. Rahul Kirloskar are brothers. None of the other directors is related to any other director.

@ CMD – Chairman and Managing Director, VC – Vice Chairman,
NED – Non Executive Director, I – Independent, WTD - Whole Time Director.

* Committee Membership of Audit Committee and Investors' Grievance Committee is considered for this purpose.

- (1) Directorships in Private Limited Companies, Foreign Companies are included in the above table.
- (2) An independent director is a non-executive director who, apart from receiving director's remuneration, does not have any material pecuniary relationship or transactions with the Company, its promoters or its management or its subsidiaries and associates which in the judgement of the Board, may affect his independence of judgement and complying with other conditions as prescribed under Clause 49 of the listing agreement.
- (3) All the relevant information suggested under Annexure 1A of Clause 49 is furnished to the Board from time to time.

3. Code of Conduct :

The Company has introduced a Code of Conduct for Directors and members of Senior Management. The Code is made effective from April 1, 2005. It has been uploaded on the Company's website, www.kbl.co.in. All Board members and senior management personnel have affirmed compliance with the code. A declaration to that effect signed by Mr. Sanjay Kirloskar, Chairman and Managing Director is appearing elsewhere in the Annual Report.

4. Audit and Finance Committee :

The Audit and Finance Committee was constituted in July, 2000. This committee is constituted in line with the provisions of Clause 49 of the Listing Agreement read with section 292A of the Companies Act, 1956. It comprised of five Directors viz. Mr. S. N. Inamdar as the Chairman, Mr. Gautam Kulkarni, Mr. U. V. Rao, Mr. P.S. Jawadekar and Mr. Pratap B. Shirke as the Members. Mr. S. N. Inamdar is a Non-Executive Independent Director. Thus the Company fulfils the requirements under the code.

The terms of reference of the Audit and Finance committee include the matters specified in clause 49 (II) of the Listing Agreement with the Stock Exchanges. The terms of reference of the Audit and Finance Committee includes the following:

A)

- Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment of external auditors, fix their remuneration.
- Reviewing with the management the quarterly & annual financial statements before submission to the Board focusing primarily on
 - Any change in the accounting policies & practices.
 - Major accounting entries based on exercise of judgement by management.
 - Significant adjustments arising out of audit.
- Qualifications in draft audit report.
- Compliance with Stock Exchanges legal and accounting requirements concerning financial statements.
- Any related party transactions.
- Structure & strength of internal audit department reporting structure, coverage and frequency of internal audit, financial & risk management policies particularly relating to foreign exchange exposure.
- Defaults in the payment to depositors, debenture-holders, shareholders & creditors.
- Reporting by management on key financial ratios.
- Reporting on recovery of dues, delays and reasons therefor.
- Statements accompanying Public Issue of any security.
- Reporting on branch audits, if any. Full access to information and data.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.
- Approval of payment to statutory auditors for any other services rendered by statutory auditors.
- Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
- Discussion with internal auditors on any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditor into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- Carrying out any other function as per directions from the Board from time to time.

B)

- Power to investigate
- Power to summon officers
- Power to access information and data
- Power to review systems/controls

During the year, six Audit and Finance committee meetings were held on April 26, 2010, May 3, 2010, July 27, 2010, September 3, 2010, October 28, 2010 and January 20, 2011.

Attendance at Audit and Finance Committee meetings :

Member's Name	No. of Meetings attended	Member's Name	No. of Meetings attended
Mr. S. N. Inamdar	5	Mr. U. V. Rao	6
Mr. Gautam Kulkarni	4	Mr. Pratap B. Shirke	5
Mr. P. S. Jawadekar	6		

5. Remuneration of Directors :**Remuneration Committee**

The Remuneration committee was constituted in the year 1999. The Members of the committee are as under:-

Mr. P. S. Jawadekar, Chairman, Mr. S. N. Inamdar, Mr. Gautam Kulkarni and Mr. A. N. Alawani

During the year, Remuneration Committee meetings were held on April 26, 2010, July 27, 2010 and October 28, 2010.

Attendance at Remuneration Committee Meetings :

Member's Name	No. of Meetings attended	Member's Name	No. of Meetings attended
Mr. P. S. Jawadekar	3	Mr. S. N. Inamdar	2
Mr. Gautam Kulkarni	3	Mr. A. N. Alawani	3

Remuneration to Directors :

- The payments made to executive directors have been reviewed by the Remuneration Committee from time to time and confirmed by the Board of Directors.
- Non Executive Directors were paid a sitting fee of Rs. 10,000/- for every meeting of the Board and Committee attended by them. Based on their membership of various committees and their time involved in the operations of the Company, the non-executive directors will be paid up to an aggregate amount of Rs. 7,445,000/- for the year ended March 31, 2011, by way of a commission.
- There are no pecuniary relationships or transactions of the non-executive directors' vis-a-vis the Company.
- All elements of remuneration package for all directors have been provided in the statement hereinafter.
- Except whatever is stated in the statement, there is no other fixed component or performance linked incentives to any director.
- During the last year, under the Employees' "Share a Vision" – Stock Option Scheme, 2007 (ESOS-2007), 4,000 equity shares of Rs. 2/- each were issued and allotted to two non executive directors against stock options granted, at an Exercise price of Rs. 200/- per share.
- Subject to the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the terms of the ESOS – 2007, the options granted earlier, after one year of the grant would vest in 3 annual instalments of 30%, 30% and 40% and the same should be exercisable within a period of 3 years from the date of vesting.
- I tranche of options i.e. 30% of the total options have been vested on August 31, 2008. The vesting of the II tranche (August 31, 2009) stands cancelled due to non achievement of the performance targets specified in the performance matrix. III tranche of options i.e. 40% of the total options have been vested on August 31, 2010.

Details of remuneration paid/payable to Directors for the year 2010-11 are as follows :

Name of Director	Sitting Fees (Rs.)	Commission on Profits \$ (Rs.)	Salary (Rs.)	Contribution to Statutory Funds (Rs.)	Perquisites (Rs.)	Others (Rs.)	Total (Rs.)
Executive Directors							
Mr.Sanjay Kirloskar	-	20000000	6487200	1749600	4195332	-	32432132
Mr.R. K. Srivastava	-	6000000	2400000	648000	1941862	-	10989862
Mr. J.R. Sapre	-	8000000	2400000	648000	2480772	-	13528772
Non-Executive Directors							
Mr.Vikram Kirloskar	30000	180000	-	-	-	-	210000
Mr. Gautam Kulkarni	120000	940000	-	-	-	-	1060000
Mr. M. S. Kirloskar	70000	385000	-	-	-	*291123	746123
Mr. S. N. Inamdar	120000	1065000	-	-	-	250000	1435000
Mr. Rahul Kirloskar	60000	360000	-	-	-	-	420000
Mr. U. V. Rao	120000	1260000	-	-	-	-	1380000
Mr. P.S.Jawadekar	160000	1360000	-	-	-	-	1520000
Mr. A. N. Alawani	110000	485000	-	-	-	-	595000
Mrs. Lalita D. Gupte	50000	300000	-	-	-	-	350000
Mr. Pratap B. Shirke	110000	1110000	-	-	-	-	1220000

\$ subject to approval of Members

* Includes pension as an ex-employee of the company.

Directors' Service Contracts' Details :

Executive Directors	Service Contract and Period	Severance Fees
Mr.Sanjay Kirloskar#	Period: 19.11.10 to 18.11.15	**
Mr. R. K. Srivastava#	Period: 19.09.10 to 31.05.12	Nil
Mr. J. R. Sapre	Agreement dt.28.07.10 :: Period: 29.04.10 to 31.05.12	Nil

** Three years or unexpired period, whichever is less.

Subject to shareholders approval, Board re-appointed Mr. Sanjay C. Kirloskar and Mr. R. K. Srivastava for the aforementioned periods.

Statement showing number of Equity Shares of Rs. 2/- each of the Company, held by the present Non Executive Directors as on March 31, 2011 :

Non-Executive Directors	No. of shares	% to paid up capital
Mr.Gautam Kulkarni	435012	0.548
Mr. M. S. Kirloskar	1125	0.001
Mr. S. N. Inamdar	32816	0.041
Mr. Rahul Kirloskar	404501	0.510
Mr. Vikram S. Kirloskar	70236	0.088
Mr. U. V. Rao	—	—
Mr. P.S.Jawadekar	1000	0.001
Mr. A. N. Alawani	7500	0.009
Mrs. Lalita D. Gupte	—	—
Mr. Pratap B. Shirke	6000	0.008

6. Particulars of Directors to be re-appointed and appointed at an ensuing Annual General Meeting :**Mrs. Lalita D. Gupte**

Mrs. Lalita Dileep Gupte (62) holds a Bachelor's Degree in Economics (Hons.) and a Master's degree in Management Studies. She has more than three decades of experience in financial sector, beginning her career with the erstwhile ICICI Limited since 1971. She has held various leadership positions in the areas of Corporate, Retail and International Banking, Strategic Planning and Resources and other areas. Mrs. Gupte was appointed as Executive Director and Member of the Board of ICICI Ltd. in 1994 and elevated to Deputy Managing Director in 1996, consequently, she became Joint Managing Director in June 1999 and continued to hold the said position even in the merged ICICI Bank.

Mrs. Gupte was instrumental in transforming ICICI Bank from a primarily term lending institution into a technology led diversified financial service group. She was also responsible for international banking operations. During her tenure, the Bank became a technology and retail banking leader in India and gained recognition internationally. Mrs. Gupte has received numerous awards during her career and is a member of various experts' groups. She retired from ICICI Bank at the end of October 2006.

Her other directorships and committee positions are given below.

Other Directorships :

ICICI Venture Funds Management Company Limited - Chairperson

Bharat Forge Limited

HPCL-Mittal Energy Limited

Godrej Properties Limited

Swadhaar FinServe Private Limited

Nokia Corporation – (till May 3, 2011)

Alstom

Other Associations

- | | |
|---|--------------------------------|
| • SVKM's NMIMS university | Member Board of Management |
| • Joseph L Rotman School of Management Canada | Member Dean's Advisory Board |
| • N. M. Rothschild and Sons (I) Pvt. Ltd. | Member Indian Advisory Council |
| • Welham Girls' School | Member – Board of Governors |
| • RAND Centre for Asia Pacific Policy | Member – Advisory Board |

Other Committee positions :

Company Name	Audit Committee	Shareholders' Grievance Committee	Compensation and Governance Committee
ICICI Venture Funds Mgt. Co. Ltd.	—	—	Chairperson
HPCL-Mittal Energy Limited	Chairperson	—	—
Godrej Properties Limited	Member	—	—
Alstom	Member	—	—
Nokia Corporation – (till May 3, 2011)	Member	—	—

She is not holding any Equity Share of the Company. She is not related to any other director on the Board of the Company.

Mr. P. S. Jawadekar

Mr. Padmakar Shamsundar Jawadekar (70) has been a Director since 2005 and is qualified B.E. (Electrical) from Gujarat University and Fellow of Institute of Engineers (India). He retired as Executive Director of Kirloskar Electric Company Limited in the year 1998 and since then he has been Management Advisor to Engineering Companies. He is also associated with various professional institutes of repute. During 38 years of working in Industry and with professional institutions, he gained experience in technology sourcing, technology development and management, structuring of business units, human resources and industrial relations management, marketing management, quality management and leadership development. He also worked in Malaysia for 8 years and gained sufficient experience in managing overseas marketing and

manufacturing operations. During his tenure with Kirloskar Electric Company he guided R&D Division which received National Awards for Indigenous development.

He was President of Indian Electrical and Electronics Manufactures Association (IEEMA) in 96-97. He initiated the starting of Energy Conservation cell and Quality cell at IEEMA & became the first Chairman. He has conducted Semester programmes on Total Quality Management, Strategic Management, and Industrial Marketing at various institutes in Bangalore. He has made presentations in the various seminars and journals on various subjects. He is associated with CII Institute of Quality, as a Business Excellence Champion and leads the teams to assess the Companies for CII-Exim Business Excellence Award.

Mr. P.S. Jawadekar is a Chairman of Compensation Committee for Employee Stock Options, Remuneration Committee and a member of Audit and Finance Committee in the Company.

Other Directorships:

Kirloskar Pneumatic Company Limited
 Kirloskar Constructions & Engineers Limited
 CMC Commutators Private Limited

Other Committee positions :

Company Name	Audit Committee	Remuneration Committee
Kirloskar Pneumatic Co. Ltd.	—	Chairman
Kirloskar Constructions & Engineers Ltd.	Chairman	—

He is holding 1000 (0.001%) Equity Shares of Rs. 2/- each of the Company. He is not related to any other director on the Board of the Company.

Mr. Rahul C. Kirloskar

Mr. Rahul Chandrakant Kirloskar (48) has been a Director since 2000 and is qualified as B.S. (Mech. Engg.) USA. Mr. Kirloskar has been at senior levels in different capacities with the Kirloskar Group of Companies for more than 19 years. Presently, he is working as a Whole Time Director in Kirloskar Oil Engines Limited.

Mr. Kirloskar actively participated in intensive course of top management professionals of major international companies on Total Quality Management (TQM) in Japan, conducted by Japanese Union of Scientists and Engineering (JUSE). The Course exposes professionals, who are quality conscious, to the latest methods prevailing in Japan in TQM.

Other Directorships

Ansal Properties & Infrastructure Limited
 Kirloskar Oil Engines Limited
 Kirloskar Pneumatic Company Limited
 Kirloskar Proprietary Limited
 GreenTek Systems (India) Limited
 Alpak Investments Private Limited
 Asara Sales & Investments Pvt. Ltd.
 Pratibha Communications Private Limited
 Kirloskar Kenya Limited, Kenya
 Kirsons Trading (S.A) (Pte) Limited

Other Committee positions :

Company Name	Audit Committee	Shareholders' Grievance Committee
Kirloskar Pneumatic Co. Ltd.	—	Member

He is holding 404501 (0.510%) Equity Shares of Rs. 2/- each of the Company. He is a brother of Mr. Sanjay C. Kirloskar, Chairman and Managing Director.

Mr. R. K. Srivastava

Mr. Rameshkumar Durgaprasad Srivastava (64) is overall incharge of projects business of the Company. He also looks after Research and Engineering Division, Corporate Quality Assurance and Corporate Global Procurement. He is a Post Graduate in Fluid Power from Indian Institute of Technology, Powai, Mumbai. He has attended various special courses conducted by re-knowned institutions. He has achieved many awards in his career viz. Life Time Achievement Award (UNESCO & Water Digest), Golden Peacock Award, Marico Innovation Award, Inertia Award – 2007, National Award for Excellence in Energy Management by CII and Innovation Award for reducing the submergence for VT Pumps (US Patent). His contribution in introducing various hi-tech products viz. Canned Motor Pumps, Sodium Pumps and Concrete Volute Pumps has been acclaimed by various institutions. He has been associated with many professional bodies viz. CII, ASME, BIS, IPMA, ITF, etc. He has presented a variety of papers at many national and international conferences. His two books have been published on pumps. Before joining the Company he had worked in Jyoti Limited as Product Development Manager and Worthington Pumps as General Manager (Technical). He has been with the Company for over 22 years and has successfully handled projects and engineered pumps division of the Company.

Other Directorships

Kirloskar Constructions and Engineers Limited

The Kolhapur Steel Limited

Gondwana Engineers Limited

Kirloskar Systech Limited

Kirloskar Corrocoat Private Limited

He is not holding any committee membership. He is holding 3000 (0.004%) Equity Shares of Rs. 2/- each of the Company. He is not related to any other director on the Board of the Company.

Mr. Sanjay C. Kirloskar

Mr. Sanjay Chandrakant Kirloskar (54) did his graduation in Mechanical Engineering from Illinois Institute of Technology, Chicago, U.S.A. He underwent practical training in a number of Kirloskar Group Companies. He held the positions of Vice President Operations at Kirloskarvadi factory and Executive Vice President of the company. Mr. Sanjay Kirloskar is presently the Chairman and Managing Director of Kirloskar Brothers Limited. He is also a member of Mahratta Chamber of Commerce and Industries etc.

He is a member of Investors' Grievance Committee of the Company.

Other Directorships

Kirloskar Ebara Pumps Limited

Kirloskar Ferrous Industries Limited

Kirloskar Pneumatic Company Limited

Kirloskar Constructions and Engineers Limited

Kulkarni Power Tools Limited

Kirloskar Proprietary Limited

Prakar Investments Private Limited

Asara Sales & Investments Private Limited

Kirloskar Kenya Limited, Kenya

SPP Pumps Limited, England

Kirloskar Brothers International B.V., Netherlands,

Mahratta Chamber of Commerce of Industries & Agriculture, Pune – Executive Committee member

He is holding 15156631 (19.104%) - [14177038 (17.869%) in the individual capacity and 979593 (1.235%) as a trustee] Equity Shares of Rs. 2/- each of the Company. He is a brother of Mr. Rahul C. Kirloskar, Director.

7. Shareholders' / Investors' Grievance Committee :

Company has Share Transfer, Transmission and Investors' Grievance Committee.

Mr. M. S. Kirloskar, a non-executive independent Director is a Chairman of the Committee. Other members are Mr. A. N. Alawani and Mr. Sanjay Kirloskar.

During the year under the report, two Investors' Grievance committee meetings were held on October 28, 2010 and March 31, 2011.

Attendance at Investors' Grievance committee meetings :

Member's Name	No. of Meetings attended
Mr. M.S. Kirloskar	1
Mr. Sanjay Kirloskar	2
Mr. A. N. Alawani	2

Company has always valued its relationship with its stakeholders. This policy has been extended to Investor relationship. Company's secretarial department is continuously monitoring the complaints / grievances of the investors and is always taking efforts to reduce the response time in resolving the complaints / grievances.

Name and designation of Compliance Officer:

Mr. G. P. Kulkarni, Vice President & Head - Legal and Company Secretary

No. of Shareholders' complaints received :

The total number of complaints received and replied to the satisfaction of the Shareholders during the year ended March 31, 2011 were 18 and there were no complaints / Share transfers outstanding / Pending as on March 31, 2011.

With reference to clause 47(f) of the Listing Agreement, Company has designated exclusive e-mail ID as grievance.redressal@kbl.co.in for investors to register their grievances, if any. This has been initiated by the Company to resolve such investors' grievances, immediately. The Company has displayed the said e-mail ID on its website for the use of investors.

8. General Body Meetings :

Details of last three Annual General Meetings held :

i) 88 th Annual General Meeting	July 18, 2008 : 11.00 AM Tilak Smarak Mandir, Tilak Road, Pune - 411 030.
Special resolutions passed: <ul style="list-style-type: none">For approval of shareholders for holding and continue to hold an office or place of profit in the Company as General Manager – Corporate Marketing by Mr. Alok Kirloskar, son of Mr. Sanjay C. Kirloskar, Chairman and Managing Director of the Company.For approval of shareholders for increase in remuneration package for Mr. Alok Kirloskar, as General Manager – Corporate Marketing.	
ii) 89 th Annual General Meeting	July 17, 2009: 11.00 A. M. Yamuna, Survey No.98(3-7), Baner, Pune - 411 045.
Special resolutions passed: <ul style="list-style-type: none">For approval of shareholders for holding and continue to hold an office or place of profit in the Company as Management Trainee – Corporate Global Marketing, Business Development and Strategy Department (CMBS) by Ms. Preeti J. Sapre, daughter of Mr. Jayant R. Sapre, Whole Time Director of the Company.	

iii) 90 th Annual General Meeting	July 27, 2010: 11.00 A. M. Yamuna, Survey No.98(3-7), Baner, Pune - 411 045.
<p>Special resolutions passed:</p> <ul style="list-style-type: none"> • For approval of shareholders for payment and distribution of Commission to non executive Directors for five years from April 1, 2010 • For approval of shareholders for allowing reimbursement of travelling and other expenses to Mr. M.S. Kirloskar, non executive independent Director, for five years from April 1, 2010 • For approval of shareholders for holding and continue to hold an office or place of profit in the Company as Assistant Manager by Ms. Preeti J. Sapre, daughter of Mr. Jayant R. Sapre, Whole Time Director of the Company with effect from February 2, 2010 with other terms and conditions for her appointment. 	

9. Disclosures :

- i. Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.

There are no materially significant transactions made by the Company with its promoters, directors or the management, their subsidiaries or relatives etc. which have potential conflict with the interest of the Company at large.

- ii. Details of non compliance by the Company, penalties and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets, during the last three years.

None

- iii. Whistle Blower Policy and Policy for prevention of sexual harassment at work, Code of Ethics.

The Company has formulated and implemented the Whistle Blower Policy ("the Policy"). This would inter alia provide a mechanism for employees of the Company and other persons dealing with the Company to report to the Chairman of the Audit and Finance Committee; any instance of unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct. Thus, any employee has access to the Audit and Finance Committee.

The Policy has been communicated to all the Employees of the Company and other persons dealing with the Company, through circular/display on the Notice Board/ display on the Intranet and through training programmes from time to time. The policy has also been uploaded on the company website.

Policy for prevention of sexual harassment at work :

The company has also formulated and implemented the Policy for prevention of sexual harassment at work during the year 2008. This would inter alia provide a mechanism to prevent or deter the commission of acts of Sexual Harassment or inappropriate behaviour at work and to ensure that all employees are treated with respect and dignity. Under the said policy, the procedures for the resolution, settlement or prosecution of acts or instances of Sexual Harassment have also been provided for.

Code of Ethics :

The Company released Company's "Code of Ethics" on December 7, 2009. This is one of the important documents of the company and a guide to ethical behaviour for personnel with the company.

- iv. All mandatory requirements of Clause 49 of the Listing Agreement have been complied with by the Company and the extent of adoption of non-mandatory requirements is given hereunder.

Non-Mandatory requirements :

The Board –

The Company has Executive Chairman and the office with required facilities is provided and maintained at the Company's expenses for use by the Chairman.

No policy has been fixed on tenure of Independent Directors.

Remuneration Committee –

Committee is already in place and complying with related non-mandatory requirements.

Shareholders' Rights –

The half-yearly financial results are published in the English and Vernacular newspapers and are also displayed on the Company's website and also have been separately circulated to the shareholders, since half year ended September, 2007.

Audit qualifications –

The Company is already in the regime of unqualified financial statements.

Training of Board Members –

The present Board of Directors is already comprised of well experienced and responsible members of the society and they themselves have represented as faculties to many training institutes. In order to provide an update on various provisions of Corporate Governance, a presentation was made to the directors in February, 2011.

Mechanism for evaluating Non-executive Board Members –

No specific mechanism is in place in the Company.

Whistle Blower Policy -

The Company has a Whistle Blower Policy. It inter alia provides a mechanism for employees of the Company and other persons dealing with the Company to report to the Chairman of the Audit and Finance Committee; any instance of unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct. It also provides for adequate safeguards against victimisation of such employees. Further, the existence of the mechanism has been appropriately communicated within the organisation.

10. Means of Communication :

- Half yearly reports to each household of shareholders –
The results of the Company are published in national and regional newspapers. The half yearly financial results have been separately circulated to each household of shareholders, since half year ended September, 2007.
- Quarterly results –
The quarterly results are generally published in the newspapers viz. Indian Express, Loksatta and The Hindu - Business Line. These are also displayed on the Company's website 'www.kbl.co.in' shortly after its submission to the Stock Exchanges. The Company's website also displays official news releases.
- Presentation to Institutional Investors or to analysts -
Generally, presentations are made to analysts on quarterly basis. The annual presentation has been uploaded on the Company's website.
- Whether the Management Discussion and Analysis Report is a part of Annual Report or not?
The Management Discussion and Analysis Report is a part of the Annual Report.

11. General Shareholders information :

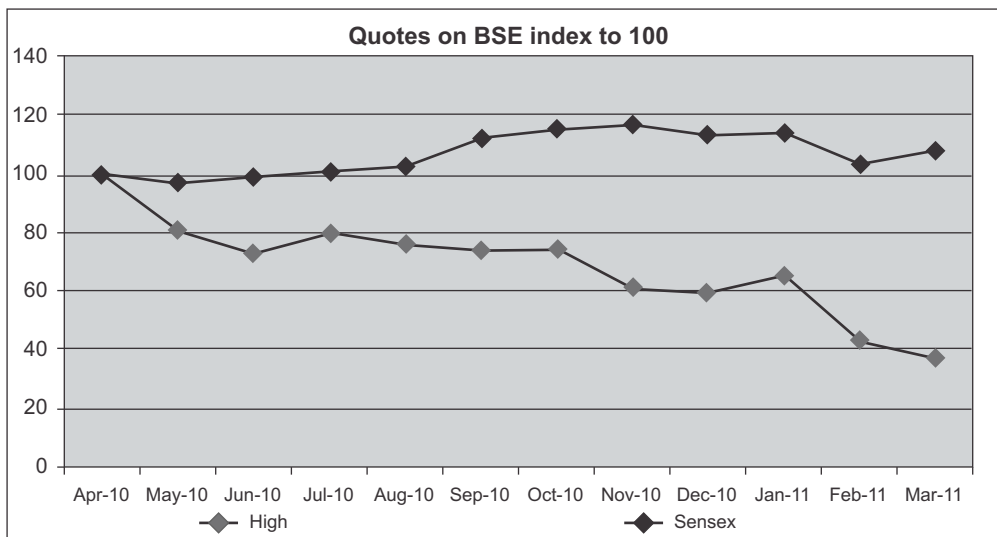
91st Annual General Meeting

Day & Date	: Saturday, July 23, 2011
Time	: 11.00 A.M.
Venue	: "Yamuna", Survey No.98 (3-7) Baner, Pune - 411 045
Financial Year	: 1 st April to 31 st March
Dates of book closure	: Saturday, July 16, 2011 to Saturday, July 23, 2011 (Both days inclusive)
Dividend payment date	: On or before August 17, 2011, subject to shareholders' approval
Listing on Stock Exchanges	: The Company's equity shares are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited, Mumbai
Listing fees payment	: The Annual Listing fees have been paid and there is no outstanding payment towards the stock exchanges, as on date
Stock codes / Symbol	: Bombay Stock Exchange Limited – 500241 National Stock Exchange of India Limited – KIRLOSIBROS – EQ ISIN - INE732A01036

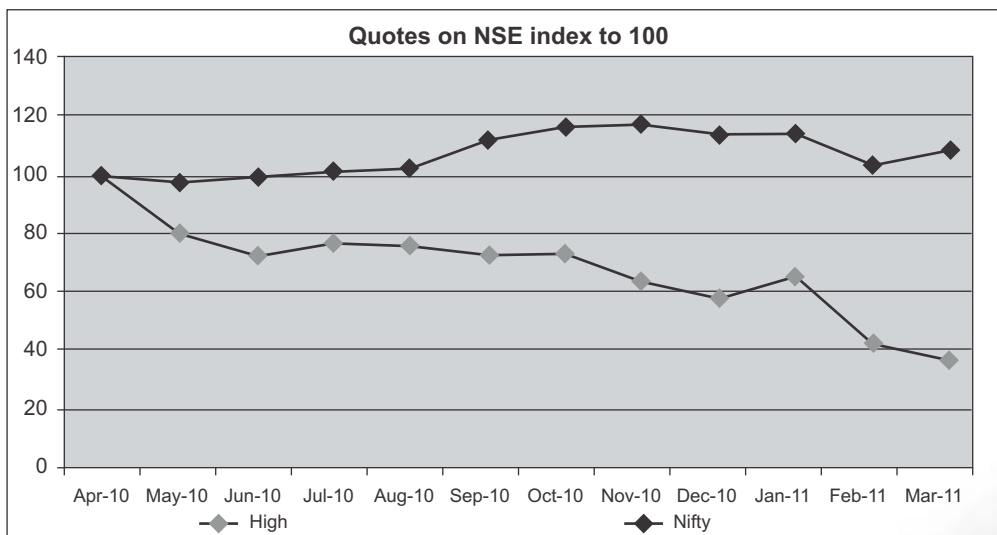
Market Price data :

Month	Quotations on B S E		Quotations on N S E	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2010	370.00	225.25	375.30	255.00
May 2010	299.95	245.00	300.00	235.00
June 2010	270.00	254.00	270.00	248.40
July 2010	295.00	254.35	288.40	256.00
August 2010	282.35	245.05	283.55	242.25
September 2010	273.00	245.25	272.50	245.10
October 2010	275.00	215.00	273.00	217.00
November 2010	228.90	205.00	238.00	205.45
December 2010	219.50	195.00	216.85	197.25
January 2011	242.00	137.30	243.00	142.95
February 2011	161.65	133.25	161.00	130.00
March 2011	138.80	114.00	138.35	111.00

Performance in comparison to broad based indices - BSE sensex :



Performance in comparison to broad based indices - NSE S&P CNX Nifty :



Registrar and Transfer Agent :

The Company appointed Intime Spectrum Registry Limited, as its Registrar and Transfer Agent (R & T Agent) with effect from April 1, 2003. The name of the R & T Agent has been changed to “Link Intime India Private Limited” with effect from January 6, 2009, consequent to acquisition of stake in the Intime Spectrum by Link Market Services Group Pty Limited, Sydney, Australia. Share Transfers, dematerialisation of shares, dividend payment and all other investor related activities are attended and processed at the office of the Registrar and Transfer Agent at the following address:-

Link Intime India Private Limited,
(Unit: Kirloskar Brothers Limited),
Block No. 202, 2nd Floor, Akshay Complex,
Near Ganesh Temple, Off Dhole Patil Road,
Pune – 411 001
Tel. No. (020) 26053503 Fax No. (020) 26051629
E.mail : pune@linkintime.co.in

Share transfer system :

The authority to approve transfer of shares upto 10000 shares has been delegated to the Company Secretary and Deputy Company Secretary. The proposals for transfer of shares above 10000 shares are placed before the Investors' Grievance Committee/Board. The share transfers received are processed within 15 days from the date of receipt subject to the transfer instrument being valid and complete in all respects. In compliance with the Listing guidelines, every six months, a practising Company Secretary audits the system of transfer and a certificate to that effect is issued.

Out of total paid-up share capital, 92.51% share capital is held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited as on March 31, 2011.

The Company has established connectivity with both the Depositories through the Registrar, Link Intime India Private Limited.

Members are advised to notify to the Company or Registrar and Transfer Agent, any change of address, immediately.

For the benefit of members, certain information, procedures and forms, which are being asked for by the members frequently, viz. Letter about change of address, ECS form, Nomination Form, Indemnity/Affidavit etc. for issue of duplicate certificates, Transmission form, information about shares of Rs. 2/- each after scheme alongwith general FAQs etc. are uploaded on the Company's website www.kbl.co.in under section “Information for Shareholders”.

Distribution of Shareholding as on March 31, 2011

Nominal value of shares (In Rupees)		Number of holders	% to total holders	Total face value (In Rupees)	% to total face value
From	To				
1	5000	18168	93.87	11298900	7.12
5001	10000	638	3.30	4455196	2.81
10001	20000	307	1.59	4263906	2.69
20001	30000	78	0.40	1902502	1.20
30001	40000	45	0.23	1578792	0.99
40001	50000	19	0.10	862800	0.54
50001	100000	39	0.20	2685086	1.69
100001	Above	60	0.31	131629720	82.96
TOTAL		19354	100.00	158676902	100.00

Shareholding Pattern as on March 31, 2011 :

Sr. No.	Category	No. of shares	% of shareholding
1	Promoters' Holding*		
	Indian Promoters	30,233,697	38.11
	Bodies Corporate	19,203,485	24.20
2	Non Promoters' Holding		
	Mutual Funds	5,634,323	7.10
	Financial Institutions / Banks	91,143	0.11
	Insurance Companies	4,012,375	5.06
	Foreign Institutional Investors	1,035,134	1.31
	Private Corporate Bodies	4,206,332	5.30
	Indian Public	14,693,749	18.52
	Non Resident Indians	228,213	0.29
	TOTAL	79,338,451	100.00

*Out of Promoter's holding, 710,000 shares (0.895%) have been pledged by the Promoters or persons under Promoter Group.

Outstanding GDRs/ADRs/warrants or any convertible instruments etc. :

As of date, the Company has not issued these types of Securities.

Plant locations :

1. Kirloskarvadi Kirloskarvadi – 416 308. Dist. Sangli. Tel No. (02346) 222301 – 05, 222361 To 222365	2. Dewas Opposite Railway Station, Ujjain Road, Dewas – 455 001. Tel No. (07272) 227302 -04
3. Shirwal Gat No. 117, Shindevadi, Tal. Khandala, Dist. Satara – 412 801. Tel No. (02169) 244360 / 244370 /244322	4. Kondhapuri Gat No. 252/2 + 254/2, Kondhapuri, Tal : Shirur, Dist. Pune – 412 208. Tel No. (02137) 270217 / 270116 /270140

Investor Contacts :

Company Address : Secretarial Department, Kirloskar Brothers Limited, "Yamuna", Survey No. 98 (3-7) Baner, Pune - 411 045 Tel. No. (020) 27211030 Fax No. (020) 27211136 Email : grievance.redressal@kbl.co.in	Registrar and Transfer Agent : Link Intime India Private Limited, (Unit: Kirloskar Brothers Limited), Block No. 202, 2nd Floor, Akshay Complex, Near Ganesh Temple, Off Dhole Patil Road, Pune - 411 001 Tel. No. (020) 26053503 Fax No. (020) 26051629 Email : pune@linkintime.co.in
Addresses of stock exchanges : Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Tel. No. (022) 2272 1233 Fax No. (022) 2272 2061	National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (East) Mumbai - 400 051 Tel. No. (022) 2659 8236 Fax No. (022) 2659 8237
Depositories for equity shares : National Securities Depository Limited Trade World - A Wing, Kamala Mills Compound Lower Parel, Mumbai - 400 013 Tel. No. (022) 2499 4200 Fax No. (022) 2497 2993 / 6351	Central Depository Services (India) Limited Phiroze Jeejeebhoy Towers, 16 th Floor, Dalal Street Mumbai - 400 001 Tel. No. (022) 2272 3333 Fax No. (022) 2272 3199 / 2072

The constituents of 'Group' as prescribed in Regulation 3(1)(e)(i) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 comprises Better Value Holdings Private Limited, Kirloskar Brothers Limited, Kirloskar Industries Limited (earlier known as Kirloskar Oil Engines Limited), Kirloskar Oil Engines Limited (earlier known as Kirloskar Engines India Limited), Kirloskar Pneumatic Company Limited, Kirloskar Ferrous Industries Limited, Pooja Credits Private Limited, Kirloskar Systems Limited, Asara Sales & Investments Private Limited, Navsai Investments Private Limited, Prakar Investments Private Limited, Alpak Investments Private Limited, Achyut & Neeta Holdings & Finance Private Limited, Sri Harihareshwara Finance & Investments Private Limited, VikramGeet Investments & Holdings Pvt. Ltd., Kirloskar Brothers Investments Ltd., Kirloskar Roadrailer Limited, Cees Investments and Consultants Private Limited, Kirloskar Integrated Technologies Limited (Formerly known as Kirloskar Kisan Equipments Limited), Kothrud Power Equipment Limited, Nashik Silk Industries Limited (earlier known as Kirloskar Silk Industries Limited), Kirloskar Proprietary Limited, G. G. Dandekar Machine Works Limited, Mahila Udyog Limited, Kirloskar Corrocoat Private Limited, Kirloskar Constructions and Engineers Limited, The Kolhapur Steel Limited, Koppal Mines & Minerals Private Limited, Gondwana Engineers Limited, Kirloskar Chillers Private Limited, Hematic Motors Private Limited, Pressmatic Electro Stampings Private Limited, Quadromatic Engineering Private Limited, Kirloskar Systech Limited, Kirloskar Consultants Limited, Takshasila Helathcare and Research Service Pvt. Ltd., GreenTek Systems (India) Ltd., Suman Kirloskar, Mrinalini Kirloskar, Neeta A. Kulkarni, Atul C. Kirloskar, Arti Kirloskar, Gauri Kirloskar, Kolenaty Chris, Aditi Kirloskar, Sanjay C. Kirloskar, Pratima Kirloskar, Alok Kirloskar, Rama Kirloskar, Rahul C. Kirloskar, Alpana Kirloskar, Alike Kirloskar, Aman Kirloskar, Gautam A. Kulkarni, Jyotsna Kulkarni, Nihal Kulkarni, Shruti Kulkarni, Ambar Kulkarni, Komal Kulkarni, Talen Ambar Kulkarni, Gargi Kulkarni, Vikram S. Kirloskar, Geetanjali Kirloskar, Manasi Kirloskar, Roopa Gupta and Chandrashekhar H. Naniwadekar.

DECLARATION FOR COMPLIANCE WITH CODE OF CONDUCT

To the members of **KIRLOSKAR BROTHERS LIMITED**

Pursuant to Clause 49 I (D) (ii) of the Listing Agreement, I hereby declare that all Board members and senior management personnel are aware of the provisions of the Code of Conduct laid down by the Board and made effective from April 1, 2005. All Board members and senior management personnel have affirmed compliance with the code of Conduct.

For Kirloskar Brothers Limited



Sanjay Kirloskar

Chairman and Managing Director

Pune : April 26, 2011

CERTIFICATE

To the members of **KIRLOSKAR BROTHERS LIMITED**

We have examined the compliance of conditions of Corporate Governance by **KIRLOSKAR BROTHERS LIMITED** for the year ended on 31st March 2011, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For M/s P. G. BHAGWAT
Chartered Accountants

Pankaja Bhagwat
Partner

Membership No. 86155
Firm's Registration No: 101118W

Pune : 26th April, 2011

**Disclosure under Clause 5All of the Listing Agreement
in respect of unclaimed shares**

The Securities and Exchange Board of India vide its circular dated December 16, 2010, effected certain amendments to the Equity Listing Agreement. Through new clause 5All certain provisions have been introduced, containing uniform procedure for dealing with unclaimed shares.

In compliance with the procedures, in the mid of February, 2011, the company initiated action of forwarding a letter to such shareholders requesting them to forward correct addresses to avoid transfer of all such unclaimed shares in to one folio in the name of "Unclaimed Suspense Account", in Demat mode. We have received certain response from shareholders on said communication and the details are provided hereinafter.

In compliance with present Clause 5All-(h), following details are provided in respect of such unclaimed shares:-

Sr. No.	Particulars	No. of shareholders	No. of Shares
(i)	Aggregate number of shareholders and the outstanding shares considered to be transferred to the Unclaimed Suspense Account on applicability of clause 5All i.e. December 16, 2010	2721	1491532
(ii)	Number of shareholders who approached the issuer for transfer of shares from shares considered to be transferred to the Unclaimed Suspense Account during the period from December 16, 2010 to March 31, 2011	44	20126
(iii)	Number of shareholders to whom shares were transferred from shares considered to be transferred to the Unclaimed Suspense Account during the period from December 16, 2010 to March 31, 2011	--	--
(iv)	Aggregate number of shareholders and the outstanding shares considered to be transferred to the Unclaimed Suspense Account at the end of the period from December 16, 2010 to March 31, 2011	2677	1471406

The further necessary actions, in compliance with clause 5All, will be taken in due course of time.

The General Circular No. 15/2011 - 52/5/CAB-2011 dated April 11, 2011 issued by the Government of India, Ministry of Corporate Affairs, Cost Audit Branch, New Delhi on revised procedure for appointment of Cost Auditor by the Companies is effective from the financial year commencing on or after April 1, 2011.

However, with reference to above circular following disclosure is voluntarily made for the financial year 2009 -10, compliances for which were made during FY 2010-11 :

Particulars of the Cost Auditor :

Parkhi Limaye & Co.,
Office No. 705,
Siddharth Towers,
Opposite Sangam Press,
Kothrud, Pune - 411029
Maharashtra
E mail : parkhilimaye@hotmail.com

Filing of Cost Audit Report for FY 2009-10 by Cost Auditors :

Due date : September 27, 2010
Filing date : September 25, 2010

AUDITOR'S REPORT TO THE MEMBERS OF KIRLOSKAR BROTHERS LIMITED

1. We have audited the attached balance sheet of **Kirloskar Brothers Limited** as at 31st March, 2011, the profit and loss account and also the cash flow statement of the company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 [as amended by Companies (Auditor's Report) (Amendment) Order, 2004] issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that:
 - (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) in our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (iii) the balance sheet, the profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) on the basis of the written representations received from the directors as on 31st March, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) in our opinion and to the best of our information and according to the explanations given to us, the accounts, read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the balance sheet, of the state of affairs of the company as at 31st March, 2011;
 - (b) in the case of the profit and loss account of the profit for the year ended on that date;
 - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For M/s P. G. BHAGWAT
Chartered Accountants

Pankaja Bhagwat
Partner
Membership No.: 86155
Firm's Registration No: 101118W

Pune : 26th April 2011

ANNEXURE**Re: Kirloskar Brothers Limited**

Referred to in paragraph 3 of our report of even date :

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management at reasonable intervals. According to information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) The fixed assets, which were disposed off during the year, do not form substantial part of the fixed assets owned by the company.
- (ii) (a) The inventory was physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained as per section 301 of the Companies Act, 1956.
Accordingly, the provisions of clause 4 (iii) (b) (c) and (d) are not applicable to the company.
- (e) The company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained as per section 301 of the Companies Act, 1956.
Accordingly, the provisions of clause 4 (iii) (f) and (g) are not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of audit we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) (a) According to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register to be maintained under that section.
- (b) According to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has complied with the directives issued by the Reserve Bank of India and the provisions of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. As informed to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and we 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 records with a view to determine whether they are accurate and complete.
- (ix) (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance,

income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.

According to information and explanation given to us, no undisputed amounts payable in respect of statutory dues were in arrears, as at 31st March, 2011 for a period of more than six months from the date they became payable.

- (b) According to information and explanation given to us, there are no dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute other than those mentioned in the Appendix to this report.
- (x) The company has no accumulated losses as at 31st March, 2011. The company has not incurred cash losses during the financial year and in the immediately preceding financial year.
- (xi) In our opinion and according to information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank. The company has no debenture holders.
- (xii) According to information and explanation given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4 (xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiii) In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) According to information and explanation given to us, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) In our opinion, the terms and conditions on which the company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the company.
- (xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to information and explanation given to us, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to information and explanation given to us, the company has not made any preferential allotment of any shares to parties and companies covered under section 301 of the Companies Act, 1956.
- (xix) According to information and explanation given to us, the company has not issued any debentures. Accordingly, the provisions of clause 4 (xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xx) According to information and explanation given to us, the company has not made any public issue to raise money. Accordingly, the provisions of clause 4 (xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xxi) According to information and explanation given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

FOR M/S P. G. BHAGWAT
Chartered Accountants

Pankaja Bhagwat
Partner
Membership No.: 86155
Firm's Registration No.: 101118W

Pune : 26th April, 2011

Appendix (Referred to in clause (ix) (b) of the annexure to the Auditors' Report.)

Sr. No.	Name of the Statute	Nature of Dues	Rs. in million	Forum where dispute is pending
1	The Central Sales Tax Act, 1956	Central Sales Tax	0.24 18.23 0.41 2.19	Additional Commissioner Joint Commissioner (Appeals) State High Court Commercial Tax Officer
2	Sales Tax acts of respective States	State Sales Tax	1.97 60.77 4.84	Appellate Tribunal State High courts Appellate Assistant Commissioner
3	Central Excise Act, 1944	Excise duty	5.05 7.34 22.78 0.14	Assistant Commissioner Commissioner (Appeals) Appellate Tribunal Deputy Commissioner
4	The Income Tax Act, 1961	Income Tax	76.89	Commissioner of Income tax (Appeals)

BALANCE SHEET AS AT MARCH 31, 2011

	Schedule	2011 Rupees	2010 Rupees
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	158,676,902	158,666,532
Reserves and Surplus	2	7,207,041,479	6,905,153,824
Employee Stock Options outstandings		68,702,929	76,990,608
Less : Deferred employee compensation expense		<u>39,524</u>	<u>7,049,214</u>
		<u>68,663,405</u>	<u>69,941,394</u>
		<u>7,434,381,786</u>	<u>7,133,761,750</u>
Loan Funds			
Secured Loans	3	1,663,011,660	774,286,994
Unsecured Loans	4	1,823,977,519	2,798,099,225
		<u>3,486,989,179</u>	<u>3,572,386,219</u>
Deferred Tax-net	5	46,735,690	79,525,041
Total		<u>10,968,106,655</u>	<u>10,785,673,010</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	6	4,562,474,785	4,250,686,221
Less: Depreciation		1,806,036,603	1,537,955,989
Net Block		<u>2,756,438,182</u>	<u>2,712,730,232</u>
Capital work-in-progress including capital advances		358,697,569	213,978,175
		<u>3,115,135,751</u>	<u>2,926,708,407</u>
Intangible Assets			
Gross Block	7	138,145,343	99,438,292
Less: Amortization		97,833,046	85,524,778
Net Block		<u>40,312,297</u>	<u>13,913,514</u>
Investments	8	1,673,262,915	1,902,989,166
Current Assets, Loans & Advances			
Inventories	9	1,927,488,065	1,790,311,801
Gross amount due from customers for project related contract work	10	3,274,086,925	2,570,500,409
Sundry debtors	11	4,734,162,713	5,997,515,281
Cash and bank balances	12	579,134,978	965,908,313
Other current assets	13	1,504,156,798	648,483,016
Loans and advances	14	4,372,068,647	3,969,342,427
		<u>16,391,098,126</u>	<u>15,942,061,247</u>
Less: Current Liabilities & Provisions			
Current Liabilities	15	9,091,431,934	8,548,384,664
Gross amount due to customers for project related contract work	16	520,249,497	708,009,373
Provisions	17	640,021,003	743,605,287
		<u>10,251,702,434</u>	<u>9,999,999,324</u>
Net Current Assets		<u>6,139,395,692</u>	<u>5,942,061,923</u>
Total		<u>10,968,106,655</u>	<u>10,785,673,010</u>
Notes to Accounts	25		

The schedules referred to above and the notes to accounts form an integral part of the Balance Sheet

As per our report of even date attached

For and on behalf of the Board of Directors

For M/s P.G. Bhagwat
Chartered Accountants

SANJAY KIRLOS KAR
Chairman & Managing Director

S. N. INAMDAR
Director

PANKAJA BHAGWAT
Partner

G. P. KULKARNI
Company Secretary

UMESH R. SHASTRY
Vice President (Finance)

PUNE : April 26, 2011

PUNE : April 26, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Schedule	2011 Rupees	2010 Rupees
INCOME			
Sales	18	19,417,972,360	20,178,370,074
Other income	19	131,485,675	479,471,733
Total		19,549,458,035	20,657,841,807
EXPENDITURE			
Materials consumed	20	13,423,862,801	14,986,907,001
Payments and benefits to employees	21	1,351,464,790	895,284,067
Operating and other expenses	22	3,151,883,195	2,447,688,216
Interest	23	299,535,081	335,636,561
Depreciation and amortization		300,144,006	264,766,724
		18,526,889,873	18,930,282,569
Less: Expenses capitalized		8,242,229	2,057,060
Total		18,518,647,644	18,928,225,509
Profit/(Loss) before tax		1,030,810,391	1,729,616,298
Provision for tax	24	417,210,649	554,438,774
Profit/(Loss) after tax		613,599,742	1,175,177,524
Balance brought forward from previous year		905,059,568	529,687,717
Profit available for appropriation		1,518,659,310	1,704,865,241
Appropriations			
Proposed dividend		277,684,579	436,319,213
Additional tax on dividend		37,145,728	63,486,460
Transfer to General Reserve		61,359,974	300,000,000
Surplus carried to Balance Sheet		1,142,469,029	905,059,568
		1,518,659,310	1,704,865,241
Basic Earning per Equity Share (Refer Note No.B-12)		7.73	14.81
Diluted Earning per Equity Share (Refer Note No.B-12)		7.73	14.81

Notes to Accounts

25

The schedules referred to above and the notes to accounts form an integral part of the Profit and Loss Account

As per our report of even date attached

For and on behalf of the Board of Directors

For M/s P.G. Bhagwat
Chartered AccountantsSANJAY KIRLOSKAR
Chairman & Managing DirectorS. N. INAMDAR
DirectorPANKAJA BHAGWAT
PartnerG. P. KULKARNI
Company SecretaryUMESH R. SHASTRY
Vice President (Finance)

PUNE : April 26, 2011

PUNE : April 26, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	2011 Rupees	2010 Rupees
A. Cash flow from operating activities		
Net profit before taxation and extraordinary items	1,030,810,391	1,729,616,298
Adjustments for		
Depreciation and amortization	300,144,006	264,766,724
(Profit) / loss on sale of fixed assets	6,533,858	(472,646)
Employees Stock Option - Compensation debited to Profit and Loss Account (Net)	610,601	(19,518,730)
Provision for doubtful debts and advances	38,912,215	81,704,587
Interest income	-	(36,720,128)
Dividend income	(64,966,319)	(83,435,333)
Interest expenses	299,535,081	335,636,561
Investment written off	1,406,250	500,000
Unrealised exchange (gain) / loss	86,742,735	16,559,956
Loss on sale of investment	13,288,951	-
Profit on sale of investment	-	(224,793,816)
Operating profits before working capital changes	1,713,017,769	2,063,843,473
(Increase) /decrease in trade and other receivables	(724,504,643)	(867,718,911)
(Increase) /decrease in inventories	(137,176,264)	(233,656,668)
Increase/(decrease) in sundry creditors	404,023,193	231,657,573
Cash generated from operations	1,255,360,055	1,194,125,467
Income tax (paid) /refunded	(832,734,014)	(888,321,595)
Net cash from operating activities	422,626,041	305,803,872
B. Cash flow from investing activities		
Purchase of fixed assets	(528,038,710)	(441,340,564)
Proceeds from sale of fixed assets	6,534,718	2,439,500
(Purchase) /Sale of investments	215,031,049	1,089,567,731
Interest received	372,856	73,510,847
Dividends received	102,794,219	33,373,433
Advance to subsidiaries	341,369,538	(37,474,035)
Net cash from investing activities	138,063,670	720,076,912
C. Cash flow from financing activities		
(Repayment) /proceeds of/from long term borrowings (net)	(517,795,701)	1,742,093,735
(Repayment) /proceed of/from other borrowings (net)	410,760,833	(1,339,963,254)
Interest paid	(313,303,631)	(306,147,399)
Dividends paid	(429,448,777)	(207,624,262)
Tax on dividend paid	(63,486,460)	(35,949,305)
Increase in Share Capital	15,370	20,000
Increase in Share Premium	1,224,630	1,980,000
Net cash used in financing activities	(912,033,736)	(145,590,485)
Unrealised exchange gain / (loss) in cash and cash equivalents	(35,429,310)	(14,331,025)
Net increase in cash and cash equivalents	(351,344,025)	880,290,299
Cash and cash equivalents at the beginning of the year	965,908,313	99,949,039
Cash and cash equivalents at the end of the year (Refer schedule 12)	579,134,978	965,908,313

As per our report of even date attached

For and on behalf of the Board of Directors

For M/s P.G. Bhagwat
Chartered Accountants

SANJAY KIRLOSKAR
Chairman & Managing Director

S. N. INAMDAR
Director

PANKAJA BHAGWAT
Partner

G. P. KULKARNI
Company Secretary

UMESH R. SHASTRY
Vice President (Finance)

PUNE : April 26, 2011

PUNE : April 26,2011

SCHEDULE TO THE ACCOUNTS

	2011 Rupees	2010 Rupees
SCHEDULE 1: SHARE CAPITAL		
Authorized		
250,000,000 (250,000,000) equity shares of Rs.2/- (Rs.2/-) each	500,000,000	500,000,000
	500,000,000	500,000,000
Issued		
79,338,451 (79,323,266) equity shares of Rs.2/- (Rs.2/-) each (after capital reduction, as per scheme of arrangement)	158,676,902	158,646,532
- (10,000) equity shares of Rs.2/- (Rs.2/-) each #	-	20,000
	158,676,902	158,666,532
Subscribed and paid up		
79,338,451 (79,323,266) equity shares of Rs.2/- (Rs.2/-) each	158,676,902	158,646,532
- (10,000) equity shares of Rs.2/- (Rs.2/-) each #	-	20,000
	158,676,902	158,666,532
Out of the above		
(i) 123,750 (123,750) equity shares of Rs.2/- (Rs.2/-) each were allotted as fully paid up pursuant to contract for consideration other than cash.		
(ii) 66,374,981 (66,374,981) equity shares of Rs.2/- (Rs.2/-) each were allotted as fully paid up bonus shares by capitalisation of General Reserve and Share Premium		
# Refer Note No. B-31	158,676,902	158,666,532
SCHEDULE 2 : RESERVES AND SURPLUS		
Capital Reserve	172,443	172,443
Capital Redemption Reserve	4,000,000	4,000,000
Share Premium Account		
Balance as per last account	400,469,752	395,881,752
Add: Premium on shares issued during the year	3,113,220	4,588,000
	403,582,972	400,469,752
General Reserve		
Balance as per last account	5,595,452,061	5,858,057,373
Less : Transfer as per scheme of arrangement	-	615,487,490
Add : Reduction in capital as per scheme of arrangement	5,000	52,882,178
Add: Transfer from Profit and Loss Account	61,359,974	300,000,000
	5,656,817,035	5,595,452,061
Profit and Loss Account	1,142,469,029	905,059,568
	7,207,041,479	6,905,153,824

SCHEDULE TO THE ACCOUNTS (CONTD.)

	2011 Rupees	2010 Rupees
SCHEDULE 3 : SECURED LOANS		
Loans and advances from banks		
Cash / Export Credit facilities	734,004,579	323,243,747
[Secured by hypothecation of movable current assets and book debts of the Company]		
Other loans and advances		
External Commercial Borrowing from		
Credit Agricole Corporate & Investment Bank	929,007,081	451,043,247
[Secured by way of hypothecation of movable fixed assets and mortgage of immovable properties of the Company (both present and future)].		
	<u>1,663,011,660</u>	<u>774,286,994</u>
SCHEDULE 4 : UNSECURED LOANS		
Interest free loan under Sales Tax Deferral Scheme	54,946,771	55,462,632
Short Terms Loans and advances from Banks :		
Foreign Currency Short term Loans and advances	969,030,748	1,942,636,593
Rupee Short term Loans and advances	800,000,000	800,000,000
	<u>1,823,977,519</u>	<u>2,798,099,225</u>
SCHEDULE 5 : DEFERRED TAX-NET		
Deferred Tax Liabilities		
On depreciation/amortization of fixed assets	176,696,704	182,502,323
	<u>176,696,704</u>	<u>182,502,323</u>
Deferred tax assets		
On employees voluntary retirement schemes	2,956,320	65,107
On provision for doubtful debts/advances	75,565,234	64,439,710
Provision for employee benefits	50,498,837	36,880,796
Other timing differences	940,623	1,591,669
	<u>129,961,014</u>	<u>102,977,282</u>
	<u>46,735,690</u>	<u>79,525,041</u>

SCHEDULE TO THE ACCOUNTS (CONTD.)

SCHEDULE 6 : FIXED ASSETS

								Rupees
	Land Free/ Lease Hold	Buildings	Railway Siding	Plant & Machinery	Furniture & Fittings	Vehicles	Total	Previous Year
Gross Block								
At 01.04.2010	209,902,536	1,019,030,055	1,536,325	2,844,160,506	112,093,787	63,963,012	4,250,686,221	3,349,492,805
Additions	108,884,307	70,657,893	–	151,067,083	8,074,297	5,928,685	344,612,265	920,315,642
Deductions	–	–	–	24,692,641	1,228,992	6,902,068	32,823,701	19,122,226
At 31.03.2011	318,786,843	1,089,687,948	1,536,325	2,970,534,948	118,939,092	62,989,629	4,562,474,785	4,250,686,221
Depreciation/ Amortization								
At 01.04.2010	–	107,551,251	1,460,482	1,355,159,195	45,625,227	28,159,834	1,537,955,989	1,298,156,225
For the year	–	23,527,158	31,086	252,714,147	6,510,699	5,052,648	287,835,738	256,955,136
Recouped	–	–	–	15,069,074	590,640	4,095,410	19,755,124	17,155,372
At 31.03.2011	–	131,078,409	1,491,568	1,592,804,268	51,545,286	29,117,072	1,806,036,603	1,537,955,989
Net Block								
At 31.03.2011	318,786,843	958,609,539	44,757	1,377,730,680	67,393,806	33,872,557	2,756,438,182	2,712,730,232
Assets under Erections including capital advances							358,697,569	213,978,175
At 31.03.2011	318,786,843	958,609,539	44,757	1,377,730,680	67,393,806	33,872,557	3,115,135,751	2,926,708,407
At 31.03.2010	209,902,536	911,478,804	75,843	1,489,001,311	66,468,560	35,803,178	2,712,730,232	

	2011 Rupees	2010 Rupees
SCHEDULE 7: INTANGIBLE ASSETS - COMPUTER SOFTWARE		
Gross Block		
At 01.04.2010	99,438,292	87,657,961
Additions	38,707,051	11,780,331
Deductions	–	–
At 31.03.2011	138,145,343	99,438,292
Amortization		
At 01.04.2010	85,524,778	77,713,190
For the year	12,308,268	7,811,588
Recouped	–	–
At 31.03.2011	97,833,046	85,524,778
Net Block At 31.03.2011	40,312,297	13,913,514

SCHEDULE TO THE ACCOUNTS (CONTD.)

	2011 Rupees	2010 Rupees
SCHEDULE 8 : INVESTMENTS		
Long Term Investments (At cost)		
A. Trade		
Unquoted		
2 (2) equity share of Rs.100/- each in Kirloskar Proprietary Ltd.	200	200
225,000 (225,000) equity shares of Rs. 10/- each in Kirloskar Ebara Pumps Ltd.	<u>2,747,272</u>	<u>2,747,272</u>
	2,747,472	2,747,472
B. In Subsidiary Companies		
Unquoted		
Fully Paid Up		
16,150,002 (16,150,002) equity shares of Rs. 10/- each in Kirloskar Constructions and Engineers Ltd.	713,300,000	713,300,000
40,160 (40,160) equity shares of Rs. 100/- each in Gondwana Engineers Ltd.	76,360,000	76,360,000
16,311,083 (16,311,083) equity shares of Rs. 1/- each in The Kolhapur Steel Ltd.	93,843,591	93,843,591
Nil (90,375) equity shares of Rs. 10/- each in Quadromatic Engineering Pvt. Ltd.	-	30,130,888
29,358 (29,358) equity shares of Rs. 100/- each in Hematic Motors Pvt. Ltd.	217,371,299	217,371,299
Nil (23,370) equity shares of Rs. 100/- each in Pressmatic Electro Stampings Pvt. Ltd.	-	266,918,468
3,250,000 (3,250,000) equity shares of Rs. 10/- each in Kirloskar Corrocoat Private Ltd.	94,000,000	94,000,000
1,000 (1,000) ordinary equity shares of Euro 100/- each in Kirloskar Brothers International B V (Refer Note B-35)	454,132,836	374,020,780
50,000 (-) equity shares of Rs.10/- each in Kirloskar Systech Ltd.	500,000	-
Nil (1,000,000) common shares of Baht 10/- each in Kirloskar Brothers (Thailand) Limited.	-	13,288,951
Partly Paid up		
2,000 (2,000) ordinary equity shares of Euro 100/- each in Kirloskar Brothers International B V (Amount paid per share Euro 80 each)	<u>10,007,717</u>	<u>10,007,717</u>
	1,659,515,443	1,889,241,694
C. Other Investment		
355,161 (353,737) Units of Rs. 20/- each of HDFC Group Unit Linked Option Plan B	<u>11,000,000</u>	<u>11,000,000</u>
	<u>1,673,262,915</u>	<u>1,902,989,166</u>
Aggregate amount of unquoted investments	1,673,262,915	1,902,989,166

SCHEDULE TO THE ACCOUNTS (CONTD.)

	2011 Rupees	2010 Rupees
SCHEDULE 9 : INVENTORIES		
Raw materials and components	478,659,800	502,639,127
Stores and spares	30,113,450	34,081,527
Work-in-progress	911,423,790	1,036,813,733
Finished goods	507,291,025	216,777,414
	<u>1,927,488,065</u>	<u>1,790,311,801</u>

**SCHEDULE 10 : GROSS AMOUNT DUE FROM CUSTOMERS
FOR PROJECT RELATED CONTRACT WORK**

Cost incurred plus recognized profits less recognized losses	40,156,304,085	34,952,619,379
Less: Progress billing	36,882,217,160	32,382,118,970
	<u>3,274,086,925</u>	<u>2,570,500,409</u>

SCHEDULE 11 : SUNDRY DEBTORS

Debts outstanding for a period exceeding six months

Unsecured, considered good	974,225,219	1,757,481,051
Considered doubtful	222,951,660	184,321,649
Other debts		
Unsecured, considered good	3,759,937,494	4,240,034,230
	<u>4,957,114,373</u>	6,181,836,930
Less: Provision for doubtful debts	222,951,660	184,321,649
	<u>4,734,162,713</u>	<u>5,997,515,281</u>

SCHEDULE 12 : CASH AND BANK BALANCES

Cash on hand	1,392,966	1,268,855
Balances with scheduled banks		
On current accounts	218,874,782	453,752,438
On deposit accounts	255,786,115	456,500,000
Balances with other banks		
On current accounts	16,909,551	2,381,679
On deposit accounts	86,171,564	52,005,341
	<u>579,134,978</u>	<u>965,908,313</u>

Names of other banks	Current / Deposit account	Maximum balance
On current accounts		
Bank Atlantic - USA	200,842	2,929,812
Previous year	(564,668)	(1,908,200)
Vietcom Bank	538,122	5,290,427
Previous year	(329,422)	(2,369,108)
Societe Arabe Internationale De Banque Egypt	16,170,587	82,868,759
Previous year	(1,165,986)	(137,735,608)
On deposit accounts		
Societe Arabe Internationale De Banque Egypt	86,171,564	94,424,775
Previous year	(52,005,341)	(52,005,341)

SCHEDULE TO THE ACCOUNTS (CONTD.)

	2011 Rupees	2010 Rupees
SCHEDULE 13 : OTHER CURRENT ASSETS		
Interest accrued on investments	2,902,937	2,195,054
Dividend due from subsidiary companies	16,250,000	54,077,900
Claims receivable	1,485,003,861	592,210,062
	<u>1,504,156,798</u>	<u>648,483,016</u>

SCHEDULE 14 : LOANS AND ADVANCES

Unsecured considered good		
Advances and loans to subsidiaries	386,123,989	727,521,252
Advances recoverable in cash or kind or for value to be received	1,972,236,113	1,793,133,076
Considered doubtful	9,950,895	9,668,689
Balances with customs, excise etc.	268,740	369,279
Deposit with railways, post and others	1,254,952,004	1,072,565,033
Advance Income tax (net of Provision for tax)	758,487,801	375,753,787
	<u>4,382,019,542</u>	<u>3,979,011,116</u>
Less: Provision	9,950,895	9,668,689
	<u>4,372,068,647</u>	<u>3,969,342,427</u>

SCHEDULE 15 : CURRENT LIABILITIES

Acceptances	115,872,293	12,651,080
Sundry Creditors		
(i) Total outstanding dues to Micro Small and Medium Enterprises (Refer Note no B - 29)	-	-
(ii) Total outstanding dues of other creditors other than Micro Small & Medium Enterprises	5,944,993,409	5,511,600,071
	<u>5,944,993,409</u>	<u>5,511,600,071</u>
Subsidiary companies	333,540,114	285,226,349
Advances and deposits from customers	2,564,175,989	2,552,387,233
Items covered by Investor Education and Protection Fund		
(a) Unpaid dividend	55,461,952	48,591,516
(b) Unpaid Matured Deposits	390,000	516,000
Other liabilities	32,672,862	80,399,289
Interest accrued but not due on loans and advances	44,325,315	57,013,126
	<u>9,091,431,934</u>	<u>8,548,384,664</u>

SCHEDULE 16 : GROSS AMOUNT DUE TO CUSTOMERS FOR PROJECT RELATED CONTRACT WORK

Progress billing	10,023,993,582	7,525,237,830
Less: Cost incurred plus recognized profits less recognized losses	9,503,744,085	6,817,228,457
	<u>520,249,497</u>	<u>708,009,373</u>

SCHEDULE TO THE ACCOUNTS (CONTD.)

	2011 Rupees	2010 Rupees
SCHEDULE 17 : PROVISIONS		
Proposed dividend	277,684,579	436,319,213
Additional tax on dividend	37,145,728	63,486,460
Provision for product warranties	62,875,094	43,387,708
Provision for Leave Encashment	244,074,805	183,971,128
Provision for Pension Benefits (Ex-employees)	18,240,797	16,440,778
	<u>640,021,003</u>	<u>743,605,287</u>
SCHEDULE 18 : SALES AND CONTRACT REVENUE		
Sales (Gross)	11,428,474,387	10,445,666,223
Less: Excise duty recovered	521,213,165	383,203,278
	<u>10,907,261,222</u>	<u>10,062,462,945</u>
Project related revenue	8,510,711,138	10,115,907,129
	<u>19,417,972,360</u>	<u>20,178,370,074</u>
SCHEDULE 19 : OTHER INCOME		
Income from investments		
Interest from long term Investments		
[Tax deducted at source Rs.Nil (Rs.Nil)]	-	36,720,128
Dividend income		
(a) Trade investment	15,750,100	23,963,700
(b) Subsidiaries	48,707,983	54,077,900
(c) Other investments - long term	508,236	5,393,733
Profit on sale of investments	-	224,793,816
Profit on sale of fixed assets	1,487,628	1,454,128
Royalty received	1,867,638	643,505
House rent	583,018	743,217
Recovery of bad debts	10,287,232	77,085,738
Miscellaneous income	52,293,840	54,595,868
	<u>131,485,675</u>	<u>479,471,733</u>
SCHEDULE 20 : MATERIALS CONSUMED		
Raw materials consumed	8,092,630,300	9,388,550,833
Stores and spares consumed	471,598,232	363,008,800
Processing charges	287,418,374	321,524,806
Purchase of traded goods	4,737,339,563	5,236,588,337
	<u>13,588,986,469</u>	<u>15,309,672,776</u>
(Increase) /Decrease in stocks		
Opening stock		
Work-in-progress	1,036,813,733	689,028,964
Finished goods	216,777,414	241,796,408
	<u>1,253,591,147</u>	<u>930,825,372</u>
Closing stock		
Work-in-progress	911,423,790	1,036,813,733
Finished goods	507,291,025	216,777,414
	<u>1,418,714,815</u>	<u>1,253,591,147</u>
	<u>(165,123,668)</u>	<u>(322,765,775)</u>
	<u>13,423,862,801</u>	<u>14,986,907,001</u>

SCHEDULE TO THE ACCOUNTS (CONTD.)

	2011 Rupees	2010 Rupees
SCHEDULE 21 : PAYMENTS AND BENEFITS TO EMPLOYEES		
Salaries, wages and bonus	1,152,045,184	766,748,690
Payment under voluntary retirement scheme	11,267,236	–
Contribution to provident fund and E.S.I.	65,610,729	50,678,337
Gratuity	35,022,285	10,256,965
Welfare expenses	82,669,837	68,407,068
Pension Benefits	4,849,519	(806,993)
	<u>1,351,464,790</u>	<u>895,284,067</u>
SCHEDULE 22: OPERATING AND OTHER EXPENSES		
Power & fuel	152,416,552	118,627,103
Repairs and maintenance		
Plant and machinery	80,009,522	78,668,325
Buildings	20,263,514	85,397,277
Rent	47,824,543	43,294,796
Rates and taxes	9,112,324	11,016,724
Travel and conveyance	243,445,225	229,118,034
Postage and telephone	46,111,297	45,581,194
Insurance	138,412,828	120,150,274
Directors sitting fees	950,000	930,000
Director's remuneration	59,906,945	94,199,572
Royalties and fees	46,855,392	50,469,341
Cash discount	123,867,693	73,761,367
Freight and forwarding charges	276,247,347	193,658,158
Brokerage and commission	188,224,523	252,166,244
Advertisements and publicity	134,873,452	252,380,089
Provision for Product Warranty	71,785,827	68,135,918
Excise duty paid	5,749,531	13,279,838
Bank charges	116,581,268	130,770,169
Loss on sale/disposal of fixed assets	8,021,486	981,482
Loss on sale/disposal of investment (Refer Note No B-34)	13,288,951	–
Bad debts written off	27,142,842	2,228,601
Provision for doubtful debts and advances	38,912,215	81,704,587
Advances written off (Refer Note No. B-36)	674,703,915	–
Donations	10,553,510	18,114,000
Investment Written off	1,406,250	500,000
Other miscellaneous expenses	615,216,243	482,555,123
	<u>3,151,883,195</u>	<u>2,447,688,216</u>
SCHEDULE 23 : INTEREST		
Interest		
On fixed loans and debentures	84,067,697	84,287,132
On other loans	215,467,384	251,349,429
	<u>299,535,081</u>	<u>335,636,561</u>
SCHEDULE 24 : PROVISION FOR TAX		
Income tax for the year		
Current	450,000,000	540,000,000
Deferred	(32,789,351)	14,438,774
	<u>417,210,649</u>	<u>554,438,774</u>

SCHEDULE 25: NOTES FORMING PART OF ACCOUNTS**A) Significant Accounting Policies****1 Basis of preparation of financial statements**

- a) The financial statements have been prepared to comply in all material respects with the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.
- b) The financial statements have been prepared under the historical cost convention on an accrual basis.
- c) The accounting policies applied by the Company are consistent with those used in the previous year.

2 Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and any other attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to acquisition of qualifying fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use.

3 Depreciation

Depreciation on fixed assets has been provided in a manner that amortizes the cost of the assets over their estimated useful lives as detailed below:

- a) On assets acquired prior to 01.08.1987, on a straight-line method at the rates determined in the year of acquisition under section 205 (b) of the Companies Act, 1956. No depreciation is provided on assets scrapped or sold during the year.
- b) On assets other than patterns, acquired on or after 01.08.1987, on straight line method as per Schedule-XIV to the Companies Act, 1956.
- c) On patterns, on straight line method on the basis of estimated useful life as given below:

Sr. No.	Particulars	Rate of Depreciation
1	Patterns with estimated useful life of less than one year & one time use.	100%
2	Patterns with estimated useful life of more than one year but less than eight years.	20%
3	Patterns with estimated useful life of more than eight years.	11.31%

4 Intangible Assets

Computer Software

Computer software is amortized on straight line method over a period of three years.

5 Inventories

- a) Inventories are valued at the lower of cost and net realizable value.
- b) The cost is calculated on weighted average method.
- c) Cost comprises costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

6 Construction Contracts

- a) Contract revenue and contract costs arising from fixed price contracts are recognized in accordance with the percentage of completion method.
- b) The stage of completion is measured by reference to costs incurred to date as a percentage of total estimated costs for each contract.
- c) Full provision is made for any loss in the year in which it is first foreseen.

SCHEDULE 25: NOTES FORMING PART OF ACCOUNTS (CONTD.)

7 Research and Development

Research and development costs are expensed as incurred, except for development costs which relate to the design and testing of new or improved materials, products or processes which are recognized as an asset to the extent that it is expected that such assets will generate future economic benefits.

8 Revenue Recognition

- a) Sale of products and services are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and when services are rendered.
- b) Where the ability to assess the ultimate collection with reasonable certainty is lacking at the time of raising any claim, revenue recognition is postponed to the extent of uncertainty involved. In such cases revenue is recognized only when it is reasonably certain that the ultimate collection will be made.

9 Foreign Currency Transactions

- a) Initial Recognition: Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.
- b) Conversion: At the year end, monetary items denominated in foreign currencies other than those covered by forward contracts are converted into rupee equivalents at the year-end exchange rates.
- c) Forward Exchange Contracts: In respect of transactions covered by forward exchange contracts, the difference between the forward rate and the exchange rate at the date of the transaction is recognized as income or expense over the life of the contract.
- d) Exchange Differences: All exchange differences arising on settlement/conversion on foreign currency transactions are included in the Profit and Loss Account.
- e) Foreign entities: Assets and liabilities of foreign entities are translated into rupee equivalents using year-end spot foreign exchange rates. Revenues and expenses are translated monthly at average exchange rates.

10 Leases

Operating lease payments are recognized as an expense in the profit and loss account on a straight-line basis over the lease term.

11 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

12 Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

- a) Current investments are carried at lower of cost and fair value determined on an individual investment basis.
- b) Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

13 Employee Benefits

Short term compensated absence benefits (both vesting and non vesting) are accounted for on the basis of the actual valuation of the leave entitlement as on the balance sheet date.

The actuarial valuations in respect of post employment defined benefit plans and long term employee benefits as at the balance sheet date are measured using Projected Unit Credit Method.

SCHEDULE 25: NOTES FORMING PART OF ACCOUNTS (CONTD.)**I. Short Term Employee Benefits:**

All employee benefits payable wholly within twelve months of rendering the services are classified as short term employee benefits. Benefits such as salaries, wages, expected cost of bonus and short term compensated absences, etc. are recognized in the period in which the employee renders the related service.

II. Post-Employment Benefits:**a) Defined Contribution Plans:**

The Company's superannuation scheme, state governed provident fund scheme related to Dewas factory and employee state insurance scheme are defined contribution plans. The contribution paid/payable under the scheme is recognized during the period in which the employee renders the related service.

b) Defined Benefit Plans:

The employees' gratuity fund scheme, provident fund scheme managed by a Trust and pension scheme are the Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Actuarial gains and losses are recognized immediately in the Profit & Loss Account.

In case of funded plans, the fair value of the plan's assets is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs. Past service cost is recognized as expenses on a straight-line basis over the average period until the benefits become vested.

The Company pays contribution to a recognized provident fund trust in respect of all locations except Dewas factory. The guidance note on implementing AS 15, Employees Benefits (Revised 2006) as per issued by the Institute of Chartered Accountants of India (ICAI) states that provident funds set up by employer, which requires interest shortfall to be met by the employer, needs to be treated as a defined benefit plan. In the absence of clear guidelines on the issue of Actuarial Valuation related to the interest shortfall to be made good by the employer, the Company's actuary has expressed their inability to reliably measure the provident fund liability of the Company's recognized provident fund. Accordingly, the Company is unable to exhibit the related disclosures.

III. Long Term Employee Benefits:

The obligation for long term employee benefits such as long term compensated absences, and leave travel compensations are recognized in the same manner as in the case of defined benefit plans as mentioned in note II (b) above.

IV. Termination Benefits:

Where termination benefits such as compensation under voluntary retirement scheme is payable within a year of the balance sheet date, the actual amount of termination benefits is accounted as expense in year of accrual. Where termination benefits are payable beyond one year of the balance sheet date, the discounted amount of termination benefits is amortised over a definite period.

SCHEDULE 25: NOTES FORMING PART OF ACCOUNTS (CONTD.)

14 Employee Stock Option Scheme

In respect of stock options granted pursuant to the Company's Employee Stock Option Scheme, the intrinsic value of the options (excess of market price of the share over the exercise price of the option) is treated as discount and accounted as employee compensation cost over the vesting period.

15 Taxes on Income

- a) Tax on income for the current period is determined on the basis of taxable income after considering the various deductions available under the Income Tax Act, 1961.
- b) Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year. The tax effect is calculated on the accumulated timing differences at the end of the accounting period based on prevailing enacted or subsequently enacted regulations.

16 Segment Accounting

- a) The accounting policies for individual segments are in line with accounting policies of the company.
- b) Segment revenue from inter segment transactions is accounted on the basis of transfer price agreed between the segments. Such transfer prices are determined with reference to the desired margins.

17 Accounting for interests in Joint Ventures

Type of Joint Venture

A. Jointly Controlled Operations

Company's share of revenue, expenses, assets and liabilities are included in Revenues, Expenses, Assets and Liabilities respectively.

B. Jointly Controlled Entities

Investment in such Joint ventures is carried at cost after providing for any permanent diminution in value, if applicable. Income on investments in incorporated Jointly Controlled Entities is recognized when the right to receive the same is established.

18 Provisions

A Provision is recognized when an enterprise has a present obligation as a result of a past event and it is probable that an outflow of resources is expected to settle the obligation, in respect of which a reliable estimate can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

B) OTHER NOTES

- 1 Interest paid - others Rs.215,467,384/- (Rs.251,349,429/-) is net of Rs.30,080,238 /- (Rs.23,369,940/-) being interest received from customers and on deposits. Tax deducted at source Rs.3,672,095/- (Rs.2,219,806/-)
- 2 Net loss (gain) on foreign currency transactions on revenue accounts recognised in the Profit and Loss Account is Rs.38,943,057/- [(Rs.61,235,183/-)].

SCHEDULE 25: NOTES FORMING PART OF ACCOUNTS (CONTD.)

	2011 Rupees	2010 Rupees
3 Estimated amount of contracts remaining to be executed on capital account and not provided for	79,052,954	90,553,004
4 Contingent liabilities not provided for in respect of :		
a) Guarantees:		
By the company to ICICI Bank Ltd. on behalf of SPP Pumps Ltd. , UK, [GBP 7,000,000 (3,500,000)]	506,170,000	239,540,000
By the company to Barclays Bank Ltd. on behalf of SPP Pumps Ltd. , UK (GBP 4,000,000)	289,240,000	273,760,000
By the company to Citibank N.A. on behalf of SPP Pumps Ltd. , UK (GBP 8,000,000)	578,480,000	547,520,000
By the company to Indian Overseas Bank Ltd. on behalf of Kirloskar Constructions and Engineers Ltd., Chennai	800,000,000	800,000,000
By the company to Bank of Maharashtra on behalf of Gondwana Engineers Limited	82,500,000	145,000,000
By the company to Citibank on behalf of Kirloskar Brothers (Thailand) Ltd, [USD 1,000,000 (500,000)]	44,820,000	22,640,000
b) Central Excise (Matter Subjudice)	35,401,656	30,627,618
c) Sales Tax (Matter Subjudice)	91,450,224	89,009,579
d) Income Tax (Matter Subjudice)	861,935,476	522,425,350
e) Labour Matters (Matter Subjudice)	40,864,825	37,474,843
f) Other Legal Cases (Matter Subjudice)	535,279,635	585,161,252
g) Letters of Credit Outstanding	3,273,937,870	2,201,793,248
5 Construction Contracts:		
a) Contract revenue recognised as revenue for the year ended 31 st March 2011	8,510,711,138	10,115,907,129
b) The aggregate amount of contract costs incurred and recognised profits less recognised losses upto 31 st March 2011	58,170,759,310	41,769,847,836
c) Amount of advances received as on 31 st March 2011 for contracts in progress	1,169,583,451	1,217,209,831
d) Amount of retentions as on 31 st March 2011 for contracts in progress	827,587,905	583,743,163
6 Remuneration to Auditors		
Statutory Auditors :		
a) Audit Fees	2,000,000	2,000,000
b) Tax Audit Fees	200,000	150,000
c) Certification and other services	1,527,000	1,069,500
d) Expenses reimbursed	255,862	286,948

SCHEDULE 25: NOTES FORMING PART OF ACCOUNTS (CONTD.)

	2011 Rupees	2010 Rupees
7 Managerial Remuneration		
Computation of Managerial Remuneration in accordance with Section-198 of the Companies Act, 1956		
Profit as per Profit and Loss Account before provision for taxation	1,030,810,391	1,729,616,298
Add:		
Managerial Remuneration	52,461,945	87,174,572
Directors' Remuneration	7,445,000	7,025,000
Directors' Fees	950,000	930,000
Provision for Doubtful Debts and Advances	38,912,215	81,704,587
	<u>1,130,579,551</u>	<u>1,906,450,457</u>
Less :		
Capital profit on sale of Fixed Assets	1,487,628	78,803
Profit on sale of investments	-	224,793,816
	<u>1,487,628</u>	<u>224,872,619</u>
	<u>1,129,091,923</u>	<u>1,681,577,838</u>
Commission to other Directors @ 1%	11,290,919	16,815,778
Restricted to Rs.	7,445,000	7,025,000
Details of Managerial Remuneration		
a) Salary	11,287,200	21,731,587
b) Contribution to provident fund and superannuation fund	3,045,600	4,451,865
c) Commission	34,000,000	60,205,479
d) Perquisites	8,405,807	6,021,641
	<u>56,738,607</u>	<u>92,410,572</u>
e) Estimated value of other benefits	212,159	169,053
TOTAL	<u>56,950,766</u>	<u>92,579,625</u>
8 Expenditure in foreign currencies.		
i) Interest	30,681,953	22,988,942
ii) Professional Fees	21,191,806	7,522,738
iii) Royalty	-	325,000
iv) Other Matters	288,475,463	363,876,226
9 Earnings in Foreign Currencies :		
i) F.O.B. Value of goods exported	1,510,873,938	1,547,153,826
ii) Services rendered/Civil work	315,730,096	146,596,997
iii) Profit on Sale of Investment	-	224,793,816
iv) Others	6,622,238	1,857,776
10 C.I.F. Value of Imports		
i) Raw Materials, Components & Spare Parts	1,979,699,748	4,998,590,361
ii) Capital Goods	46,297,183	74,094,488
11 Expenditure incurred on Research and Development activities undertaken during the year		
Capital	34,351,015	7,199,442
Revenue	94,343,902	58,460,914
TOTAL	<u>128,694,917</u>	<u>65,660,356</u>

SCHEDULE 25: NOTES FORMING PART OF ACCOUNTS (CONTD.)

	2011 Rupees	2010 Rupees
12 Earning per Share (Basic and diluted)		
I - Basic		
a) Profit for the year before tax	1,030,810,391	1,729,616,298
Less : Attributable Tax thereto	417,210,649	554,438,774
Profit after Tax	613,599,742	1,175,177,524
b) Weighted average number of equity shares used as denominator	79,334,524	79,333,266
c) Basic earning per share of nominal value of Rs 2/- each	7.73	14.81
II - Diluted		
a) Profit for the year before tax	1,030,810,391	1,729,616,298
Less : Attributable Tax thereto	417,210,649	554,438,774
	613,599,742	1,175,177,524
b) Weighted average Number of equity shares	79,334,524	79,333,266
c) Add : Weighted average number of potential equity shares on account of employee stock options	1,239	1,598
d) Weighted average number of shares outstanding used as denominator	79,335,763	79,334,864
e) Diluted earning per share of nominal value of Rs 2/- each	7.73	14.81
13 Advances recoverable in cash or kind or for value to be received include :		
a) Advance recoverable from Companies under same management		
1) Kirloskar Brothers Investments Limited	-	8,149
Maximum amount outstanding during the year	-	1,308,598
2) Pooja Credits Private Limited (Upto 15/04/2009)	-	-
Maximum amount outstanding during the year	-	812,479
3) Kirloskar Silk Industries Limited (Upto 15/04/2009)	-	433,331
Maximum amount outstanding during the year	-	433,331
14 Amount of Borrowing Cost Capitalised during the year	22,951,943	8,076,888
15 Prior period expenditure	14,588,181	(2,018,793)
16 Employee Benefits :		
i Defined Contribution Plans:		
Amount of Rs. 41,627,171/- (Rs. 31,999,886/-) is recognised as an expense and included in "Payments and Benefits to Employees" (Schedule 21) in the Profit and Loss Account.		

SCHEDULE 25: NOTES FORMING PART OF ACCOUNTS (CONTD.)

ii Defined Benefit Plans

a) The amounts recognised in Balance Sheet are as follows :

Rupees

Particulars	As at 31-03-2011		As at 31-03-2010	
	Gratuity Plan	Pension Scheme	Gratuity Plan	Pension Scheme
	(Funded)	(Non Funded)	(Funded)	(Non Funded)
A. Amount to be recognised in Balance Sheet				
Present Value of Defined Benefit Obligation	220,307,329	18,240,797	196,187,654	16,440,778
Less: Fair Value of Plan Assets	200,342,082	–	211,244,691	–
Amount to be recognised as liability or (asset)	19,965,247	18,240,797	(15,057,037)	16,440,778
B. Amounts reflected in the Balance Sheet				
Liabilities	19,965,247	18,240,797	–	16,440,778
Assets	–	–	(15,057,037)	–
Net Liability/(Assets)	19,965,247	18,240,797	(15,057,037)	16,440,778

b) The amounts recognised in Profit and Loss Account are as follows :

Rupees

Particulars	As at 31-03-2011		As at 31-03-2010	
	Gratuity Plan	Pension Scheme	Gratuity Plan	Pension Scheme
	(Funded)	(Non Funded)	(Funded)	(Non Funded)
1 Current Service Cost	17,797,392	–	14,711,308	–
2 Past Service Cost	–	2,899,701	–	–
3 Interest Cost	13,678,864	1,267,862	13,926,449	1,186,430
4 Expected Return on Plan Assets	(17,769,771)	–	(17,945,527)	–
5 Actuarial Losses/(Gains)	21,315,800	681,956	(435,265)	1,993,423
6 Past Service Cost	–	–	–	–
7 Effect of any curtailment or settlement	–	–	–	–
8 Actuarial Gain not recognised in books	–	–	–	–
9 Adjustment for earlier years	–	–	–	–
Total included in Schedule 21 "Payment to Employees"	35,022,285	4,849,519	10,256,965	(806,993)
Actual Return on Plan Assets	9.40%	–	9.40%	–

c) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Rupees

Particulars	As at 31-03-2011		As at 31-03-2010	
	Gratuity Plan	Pension Scheme	Gratuity Plan	Pension Scheme
	(Funded)	(Non Funded)	(Funded)	(Non Funded)
1 Balance of the present value of Defined benefit Obligation as at 01-04-2010	196,187,654	16,440,778	183,076,249	19,257,771
Less: transferred to Kirloskar Corrocoat Pvt. Ltd.	–	–	2,169,558	–
Balance	196,187,654	16,440,778	180,906,691	19,257,771
2 Add: Current Service Cost	17,797,392	–	14,711,308	–
3 Add: Past Service Cost	–	2,899,701	–	–
4 Add: Interest Cost	13,678,864	1,267,862	13,926,449	1,186,430
5 Add/(less): Actuarial losses / (gains)	20,249,012	681,956	295,105	1,993,423
6 Less: Benefits paid	(27,605,593)	3,049,500	(13,651,899)	2,010,000
7 Balance of the present value of Defined Benefit Obligation as at 31-03-2011	220,307,329	18,240,797	196,187,654	16,440,778

SCHEDULE 25: NOTES FORMING PART OF ACCOUNTS (CONTD.)

- d) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

Rupees

Particulars	Gratuity Plan (Funded)	
	31.03.2011	31.03.2010
1 Opening balance of the fair value of the plan assets as at 01-04-2010	211,244,691	206,220,693
2 Add: Expected Return on plan assets	17,769,771	17,945,527
3 Add/(less) : Actuarial gains/(losses)	(1,066,788)	730,370
4 Add : Contribution by the employee	-	-
5 Less: Benefits paid	27,605,593	13,651,899
6 Closing balance of the plan assets as at 31-03-2011	200,342,081	211,244,691

- e) The broad categories of plan assets as a percentage of total plan assets as at 31-03-2011 of Employee's Gratuity Scheme are as under:

Sr. No	Description	Percentage (%)	
		2011	2010
1	Central Govt. Securities	56.00	56.00
2	State Govt. Securities	0.00	0.00
3	Approved Marketable Securities	0.00	0.00
4	Bonds/Debentures etc.	36.00	36.00
5	Loans	0.00	0.00
6	Equity	6.00	6.00
7	Liquid Fund/Money Market Instrument	2.00	2.00
8	Preference Shares	0.00	0.00
	Grand Total	100.00	100.00

Basis used to determine the overall expected return:

Life Insurance Corporation (LIC) manages the investments of Employee Gratuity Scheme. Expected rate of return on investments is determined based on the assessment made by the LIC at the beginning of the year on the return expected on its existing portfolio, along with the estimated incremental investments to be made during the year. Yield on the portfolio is calculated based on a suitable mark-up over the benchmark Government securities of similar maturities.

- f) **Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)**

- Discount rate as at 31-03-2011 - 7.8%
- Expected return on plan assets as at 31-03-2011 - 9.4%
- Salary growth rate : For Gratuity Scheme - 10%
- Attrition rate: For gratuity scheme the attrition rate is taken at 15%
- The estimates of future salary increases considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

SCHEDULE 25: NOTES FORMING PART OF ACCOUNTS (CONTD.)

g) The amounts pertaining to defined benefit plans are as follows:

Rupees

Particulars	As at 31-03-2011		As at 31-03-2010	
	Gratuity Plan (Funded)	Pension Scheme (Non Funded)	Gratuity Plan (Funded)	Pension Scheme (Non Funded)
Defined Benefit Obligation	220,307,329	18,240,797	196,187,654	16,440,778
Plan Assets	200,342,082	–	211,244,691	–
Surplus/(Deficit)	(19,965,247)	(18,240,797)	15,057,037	(16,440,778)

h) General descriptions of defined plans:

1 Gratuity Plan:

The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service.

2 Company's Pension Plan:

The company operates a Pension Scheme for specified ex-employees wherein the beneficiaries are entitled to defined monthly pension.

17 Quantitative information in respect of Opening/Closing Stocks of goods manufactured :

Particulars	Unit	Opening Stock		Closing Stock	
		Qty	Value in Rupees	Qty	Value in Rupees
Power Driven Pumps	Nos.	15,032 (11,432)	112,321,900 (87,856,670)	* ^ 22,965 (15,032)	259,709,381 (112,321,900)
Electric Motors	Nos.	1,767 (3,659)	14,849,819 (33,070,078)	** 1,088 (1,767)	10,397,394 (14,849,819)
Valves	Nos.	13 (14)	13 (14)	@ 14 (13)	14 (13)
Spares and Others		– (-)	18,838,335 (12,295,724)	– (-)	80,449,023 (18,838,335)
TOTAL			146,010,067 (133,222,486)		350,555,812 (146,010,067)

Note : * Excludes 1326 (1,731) Nos. of Power Driven Pumps scrapped.

** Excludes 479 (467) Nos of Motors scrapped.

@ Includes 1 (-) No sent for Exhibition and excludes Nil (1) Nos of Valves scrapped.

^ Includes 317 (26) Nos. received back from customers.

SCHEDULE 25: NOTES FORMING PART OF ACCOUNTS (CONTD.)**18 Quantitative information in respect of Opening/Closing Stocks of Trading Articles :**

Particulars	Unit	Opening Stock		Closing Stock	
		Qty	Value in Rupees	Qty	Value in Rupees
Pumps	Nos.	12,960	23,956,791	* 37332	108,961,604
		(5,895)	(15,595,331)	(12,960)	(23,956,791)
Valves	Nos.	996	2,245,863	** 4309	4,149,610
		(2,000)	(2,219,222)	(996)	(2,245,863)
Motors	Nos.	–	–	755	13,546,254
		(–)	(75,597)	(–)	(–)
Alternators	Nos.	186	4,040,045	809	18,675,368
		(248)	(5,803,347)	(186)	(4,040,045)
Others		–	40,524,648	–	11,402,377
		(–)	(84,880,425)	(–)	(40,524,648)
TOTAL			70,767,347		156,735,213
			(108,573,922)		(70,767,347)

* Excludes 576 (Nil) Nos. of Pumps scrapped.

** Excludes 13 (Nil) Nos. of Valves scrapped.

19 Quantitative information in respect of Sale of Manufactured Products :

Particulars	Unit	*	2010-11	*	Previous Year
			@ Value Rupees		@ Value Rupees
Power Driven Pumps	Nos.	305,390	9,200,028,183	279,414	9,837,013,829
Valves	Nos.	31,122	814,448,875	28,892	708,060,359
Turbines	Nos.	5	72,222,500	6	22,788,386
Electric Motors	Nos.	17,983	64,739,752	24,123	282,811,330
Alloy Iron Castings including Steel Castings & Cast Iron Castings	M.T.	937	180,480,552	875	248,629,404
Spare Parts and Others			1,778,615,065		1,190,089,261
Services and Job Order Receipts			504,261,729		437,351,738
Civil Receipts			707,299,316		2,380,606,172
TOTAL			13,322,095,972		15,107,350,479

* Includes 155 (235) Power driven pumps, 736 (256) Valves, included in Construction and project related revenue.

SCHEDULE 25: NOTES FORMING PART OF ACCOUNTS (CONTD.)

20 Quantitative information in respect of Purchases and Sales of Trading Articles :

Particulars	Unit	Purchases		Sales	
		Qty.	Value Rupees	* Qty.	@ Value Rupees
Pumps	Nos.	330,297 (267,414)	735,998,759 (451,764,754)	305,349 (260,349)	911,844,721 (607,571,078)
Valves	Nos.	23,813 (17,745)	31,964,585 (68,518,747)	20,487 (18,749)	38,538,087 (96,955,447)
Transformers	Nos.	10,784 (906)	121,870,322 (133,322,803)	10,784 (906)	193,500,869 (204,982,656)
Alternators	Nos.	10,008 (8,461)	213,394,259 (155,997,187)	9,385 (8,523)	244,272,066 (198,013,429)
Motors	Nos.	9,091 (-)	202,227,744 (-)	8,336 (-)	121,673,079 (-)
Others		- (-)	3,431,883,894 (4,426,984,846)	- (-)	3,144,148,848 (4,225,908,571)
TOTAL			4,737,339,563 (5,236,588,337)		4,653,977,670 (5,333,431,181)

* Includes 4 (45) Pumps, 423 (489) Valves, 1669 (896) Transformers included in Construction & Project Related Revenue

@ Includes Progress billing of Rs. 7,068,812,420/- (Rs. 10,378,318,715/-) related to construction contracts accounted in the Profit and Loss account as Project related revenue of Rs. 8,510,711,138/- (Rs. 10,115,907,129/-) in terms of Accounting Standard 7 on Construction Contracts.

21 Consumption of Raw Materials, Components and Spare Parts:

Particulars	2010-11		Previous Year	
	Rupees	Percentage (%)	Rupees	Percentage (%)
Imported	270,620,550	3.34	328,284,963	3.50
Indigenous	7,822,009,750	96.66	9,060,265,870	96.50
TOTAL	8,092,630,300	100.00	9,388,550,833	100.00

SCHEDULE 25: NOTES FORMING PART OF ACCOUNTS (CONTD.)**22 Details of Raw Materials Consumption :**

Particulars	Unit	2010-11		Previous Year	
		Quantity	Value in Rupees	Quantity	Value in Rupees
a) Pig Iron	M.T.	6,928	184,179,502	5,978	103,394,850
b) Castings	Nos	480,597	285,204,839	666,561	237,829,750
c) Stator Stacks	Nos.	229,576	338,653,972	230,861	278,969,939
d) Rotors	Nos.	260,067	67,266,934	232,893	68,842,146
e) Motors	Nos.	5,237	1,762,663,440	4,451	3,008,877,483
f) Engines	Nos.	1,411	225,156,707	980	153,217,395
g) Motor Frames	Nos.	18,274	95,769,540	18,019	116,314,417
h) Others		–	5,133,735,366	–	5,421,104,853
TOTAL			8,092,630,300		9,388,550,833

SCHEDULE 25: NOTES FORMING PART OF ACCOUNTS (CONTD.)

23 Details of Licensed Capacity, Installed Capacity and Production of goods manufactured :

Sr. No.	Class of Goods	Unit	Licensed capacity		Installed capacity		Production		
			2010-11	Previous Year	2010-11	Previous Year	2010-11	Previous Year	
1.	Power Driven Pumps	Nos.	194,000	194,000	194,000	194,000	@ 314,677	284,801	
2.	Metal Cutting including Grinding Machines	"	736	736	736	736	—	—	
3.	Reduction Gear Units	"	1,200	1,200	1,200	1,200	—	—	
4.	Valves	"	70,070	70,070	70,070	70,070	31,123	28,892	
5.	Ploughs	"	3,216	3,216	3,216	3,216	—	—	
6.	Alloy Iron Castings including Steel Castings	} M.T.	*	*	*	*	—	—	
7.	Cast Iron Castings		M.T.	120	120	120	120	—	—
8.	Cast Iron Castings including Alloy Steel castings for Automotive purposes		M.T.	2,500	2,500	2,500	2,500	—	—
			5,000	5,000	5,000	5,000	937	875	
9.	Turbines	Nos.					5	6	
10	Electric Motors	Nos.					@@ 17,788	22,709	

@ Includes 28 (56) for own use.

@@ Includes 5 (11) for own use.

* Per annum on Single Shift Basis.

Notes :

- Licensed Capacity includes registered capacities for activities existing prior to the Industries (Development Regulation) Act, 1951, but does not include licenses held for captive capacities.
- It is not practicable to indicate precisely installed capacity of each type of product manufactured by the Company, as the capacity of various facilities available is overlapping for each product. Besides, the Company manufactures a very large range amongst the licensed products which, in turn, is decided by actual demand from time to time. Also the Company buys components, parts and other services from outside. The installed capacities as indicated above are estimates as certified by the Managing Director and accepted by the Auditors.
- In terms of notification no. 477E dt. 25-7-91 issued by Department of Industrial Development, industrial licenses are not required for the products manufactured by the Company except centrifugal pumps manufactured at Dewas below 10 cm x 10 cm which are reserved for small scale sector. Revalidation of industrial license in this range of pumps is under process.

SCHEDULE 25: NOTES FORMING PART OF ACCOUNTS (CONTD.)**24. Related Party Disclosures****(A) Names of the related party and nature of relationship where control exists**

Sr No.	Name of the related party	Nature of relationship	Effective Date
1	Kirloskar Constructions and Engineers Limited	Subsidiary Company	
2	Gondwana Engineers Limited	Subsidiary Company	
3	The Kolhapur Steel Limited	Subsidiary Company	
4	Kirloskar Systech Limited	Subsidiary Company	from 09.08.2010
5	Hematic Motors Pvt. Limited	Subsidiary Company	
6	Quadromatic Engineering Pvt. Limited	Subsidiary Company	Up to 28.12.2010
7	Pressmatic Electro Stampings Pvt. Limited	Subsidiary Company	Up to 28.12.2010
8	Kirloskar Corrocoat Pvt. Limited	Subsidiary Company	
9	Ila Electricals Pvt. Limited	Subsidiary of Hematic Motors Pvt. Limited	
10	Vakasa Electricals Pvt. Limited	Subsidiary of Hematic Motors Pvt. Limited	
11	Moreshwar Electricals Pvt. Limited	Subsidiary of Hematic Motors Pvt. Limited	
12	SPP Pumps Limited	Subsidiary of Kirloskar Brothers International B.V.	
13	SPP Pumps France EURL	Subsidiary of SPP Pumps Limited	
14	Certified Engines Limited	Subsidiary of SPP Pumps Limited	
15	SPP (South Africa) Pty. Limited	Subsidiary of SPP Pumps Limited	
16	SPP Pumps Holdings LLC	Subsidiary of SPP Pumps Limited	
17	SPP Pumps Management LLC	Subsidiary of SPP Pumps Limited	
18	SPP Pumps LP	Subsidiary of SPP Pumps Limited	
19	SPP France SAS	Subsidiary of SPP Pumps Limited	
20	Kirloskar Brothers International B V	Subsidiary Company	
21	Kirloskar Brothers Europe B.V	Subsidiary of Kirloskar Brothers International B.V.	
22	Micawber 784 (Proprietary) Limited	Subsidiary of Kirloskar Brothers International B.V.	from 26.04.2010
23	Braybar Pumps (Proprietary) Limited	Subsidiary of Micawber 784 (Proprietary) Limited	from 29.04.2010
24	Kirloskar Brothers(Thailand) Limited	Subsidiary Company	Up to 31.12.2010

SCHEDULE 25: NOTES FORMING PART OF ACCOUNTS (CONTD.)

(B) Disclosure of related parties transactions

Rupees

Sr. No.	Nature of transaction/relationship/major parties	2010-2011		2009-2010	
		Amount	Amount for Major parties *	Amount	Amount for Major parties *
1	Purchase of goods & services				
	Subsidiary/Fellow subsidiary companies	1,182,958,746		1,215,598,074	
	Kirloskar Constructions and Engineers Limited		156,104,716		438,676,841
	Gondwana Engineers Limited		207,616,504		229,174,076
	The Kolhapur Steel Limited		205,957,184		182,878,718
	Hematic Motors Private Limited		424,396,605		316,948,479
	Enterprises over which key management personnel or their relatives exercise significant influence	-		1,437,360	
	Joint Ventures	3,425,794		37,654,547	
	TOTAL	1,186,384,540		1,254,689,981	
2	Sale of goods/contract revenue & services				
	Subsidiary/Fellow subsidiary companies	288,829,475		366,204,303	
	SPP Pumps Limited		173,936,343		260,631,549
	Kirloskar Brothers Europe B. V.		33,742,274		84,539,496
	Kirloskar Brothers (Thailand) Ltd.		67,658,447		18,221,854
	Joint Ventures	74,530		1,850,466	
	TOTAL	288,904,005		368,054,769	
3	Rendering Services				
	Subsidiary/Fellow subsidiary Companies	27,302,581		13,239,698	
	SPP Pumps Limited		6,872,168		6,482,481
	Kirloskar Corrocoat Private Limited		18,817,180		5,843,527
	Joint Ventures	5,387,727		13,038,943	
	Kirloskar Corrocoat Private Limited		-		7,659,612
	Kirloskar Ebara Pumps Limited		5,387,727		5,379,331
	TOTAL	32,690,308		26,278,641	
4	Receiving Services				
	Subsidiary/Fellow subsidiary companies	13,918,266		15,429,386	
	Kirloskar Brothers Europe B. V.		7,326,442		13,690,994
	Hematic Motors Private Limited		-		691,672
	Kirloskar Systems Limited		-		880,050
	SPP Pumps Ltd		5,828,907		2,948,473
	Enterprises over which key management personnel or their relatives exercise significant influence	-		769,950	
	Joint Ventures	-		392,000	
	Kirloskar Ebara Pumps Limited		-		392,000
	Key Management Personnel	645,000		600,000	
	Relatives of Key Management Personnel	2,793,900		2,500,000	
	Mrs. Pratima Kirloskar		1,533,900		1,250,000
	TOTAL	17,357,166		19,691,336	

SCHEDULE 25: NOTES FORMING PART OF ACCOUNTS (CONTD.)

Rupees

Sr. No.	Nature of transaction/relationship/major parties	2010-2011		2009-2010	
		Amount	Amount for Major parties *	Amount	Amount for Major parties *
5	Sale of Fixed Assets				
	Subsidiary/Fellow subsidiary companies	-	-	169,846	169,846
	Kirloskar Corrocoat Private Limited				
	TOTAL	-		169,846	
6	Purchase of Shares				
	Key Management Personnel	-	-	562,031,505	562,031,505
	Mr. Sanjay Kirloskar				
	TOTAL	-		562,031,505	
7	Sale of Shares				
	Subsidiary/Fellow subsidiary companies	312,749,627	-	374,020,780	374,020,780
	SPP Pumps Limited.				
	Pressmatic Electro Stampings Private Limited		266,918,468		-
	Quadromatic Engineering Private Limited		32,542,208		-
	TOTAL	312,749,627		374,020,780	
8	Investment made				
	Subsidiary/Fellow subsidiary companies	83,023,377	80,112,057	1,052,535,299	375,421,780
	Kirloskar Brothers International B. V.				
	Hematic Motors Private Limited		-		206,337,059
	Pressmatic Electro Stampings Private Limited		-		261,891,143
	TOTAL	83,023,377		1,052,535,299	
9	Royalty Paid				
	Subsidiary/Fellow subsidiary companies	-	-	12,402,510	12,402,510
	Kirloskar Proprietary Limited				
	Enterprises over which key managerial personnel or their relatives exercise significant influence	53,369,230	53,369,230	39,253,992	39,253,992
	Kirloskar Proprietary Limited				
	TOTAL	53,369,230		51,656,502	
10	Dividend paid				
	Holding Company	-	-	106,414,684	106,414,684
	Better Value Holdings Private Limited				
	Subsidiary/Fellow subsidiary companies	-		210,000	
	Enterprises over which key management personnel or their relatives exercise significant influence	-		105,000	
	Key Management Personnel	82,945,040	82,928,540	2,612,608	2,417,310
	Mr. Sanjay Kirloskar				
	Relatives of Key Management Personnel	98,671,227	76,312,500	124,200	
	Mrs. Pratima Kirloskar				
	TOTAL	181,616,267		109,466,492	

SCHEDULE 25: NOTES FORMING PART OF ACCOUNTS (CONTD.)

Rupees

Sr. No.	Nature of transaction/relationship/major parties	2010-2011		2009-2010	
		Amount	Amount for Major parties *	Amount	Amount for Major parties *
11	Dividend received				
	Subsidiary/Fellow subsidiary companies	48,707,983		56,041,600	
	Hematic Motors Private Limited		16,146,900		9,854,600
	Kirloskar Corrocoat Private Limited		16,250,000		32,500,000
	The Kolhapur Steel Limited		16,311,083		-
	Joint Ventures	15,750,000		22,000,000	
	Kirloskar Ebara Pumps Limited		15,750,000		15,750,000
	Kirloskar Corrocoat Private Limited		-		6,250,000
	Enterprises over which key management personnel or their relatives exercise significant influence	100		-	
	TOTAL	64,458,083		78,041,600	
12	Interest Received				
	Subsidiary/Fellow subsidiary companies	14,081,389		7,518,957	
	Gondwana Engineers Limited		1,955,567		1,599,670
	The Kolhapur Steel Limited		2,956,706		5,919,287
	Hematic Motors Private Limited		8,599,315		-
	TOTAL	14,081,389		7,518,957	
13	Interest Paid				
	Subsidiary/Fellow subsidiary companies	-		2,060,274	
	Hematic Motors Private Limited		-		2,060,274
	TOTAL	-		2,060,274	
14	Remuneration Paid				
	Key Management Personnel	52,461,945		92,410,572	
	Mr. Sanjay Kirloskar		29,787,117		34,644,382
	Mr. Vikram Kirloskar		-		34,646,404
	Mr. R. K. Srivastava		10,224,529		11,348,259
	Mr. J. R. Sapre		12,450,299		11,771,527
	Relatives of Key Management Personnel	1,468,123		1,600,766	
	TOTAL	53,930,068		94,011,338	
15	Security Deposit Paid				
	Relatives of Key Management Personnel	-		1,700,000	
	Mrs. Pratima Kirloskar		-		1,700,000
	TOTAL	-		1,700,000	
16	Repayment of Inter Corporate Deposit				
	Subsidiary/Fellow subsidiary companies	-		40,000,000	
	Hematic Motors Private Limited		-		40,000,000
	TOTAL	-		40,000,000	

SCHEDULE 25: NOTES FORMING PART OF ACCOUNTS (CONTD.)

Rupees

Sr. No.	Nature of transaction/relationship/major parties	2010-2011		2009-2010	
		Amount	Amount for Major parties *	Amount	Amount for Major parties *
17	Advances Written off				
	Subsidiary/Fellow subsidiary companies				
	Kirloskar Constructions and Engineers Limited	674,703,915	674,703,915	-	-
	TOTAL	674,703,915		-	
18	Loan Given				
	Subsidiary/Fellow subsidiary companies				
	Kirloskar Constructions and Engineers Limited	1,204,540,270	864,040,270	332,528,798	291,828,798
	Gondwana Engineers Limited		-		40,700,000
	Hematic Motors Private Limited		300,000,000		-
	TOTAL	1,204,540,270		332,528,798	
19	Payment received towards repayment of Loan				
	Subsidiary/Fellow subsidiary companies				
	Kirloskar Constructions and Engineers Limited **	836,410,330	735,118,217	297,096,936	256,096,936
	Gondwana Engineers Limited		33,700,000		20,000,000
	The Kolhapur Steel Limited		27,092,113		21,000,000
	** Repayment through purchase of claims receivable				
	TOTAL	836,410,330		297,096,936	
20	Reimbursement of Expenses				
	Subsidiary/Fellow subsidiary companies				
	SPP Pumps Limited	15,150,363	2,263,611	5,401,057	2,967,476
	Kirloskar Constructions and Engineers Limited		1,104,087		1,267,759
	Gondwana Engineers Limited		428,820		994,277
	Kirloskar Systech Limited		8,797,717		-
	Joint Ventures	-		19,005	
	Kirloskar Corrocoat Private Limited		-		19,005
	Enterprises over which key management personnel or their relatives exercise significant influence	595,357		-	
	TOTAL	15,745,720		5,420,062	
21	Security Deposit Refund				
	Key Management Personnel				
	Mr. Sanjay Kirloskar	-	-	1,700,000	1,700,000
	TOTAL	-		1,700,000	

SCHEDULE 25: NOTES FORMING PART OF ACCOUNTS (CONTD.)

(C) Amount due to/from related parties

Rupees

Sr. No.	Nature of transaction/relationship/major parties	2010-2011		2009-2010	
		Amount	Amount for Major parties*	Amount	Amount for Major parties*
1	Accounts receivable				
	Subsidiary/Fellow subsidiary companies	623,956,660		936,624,479	
	Kirloskar Constructions and Engineers Limited		200,058,094		644,496,442
	SPP Pumps Limited		85,589,465		80,350,283
	The Kolhapur Steel Limited		50,525,793		85,262,003
	Hematic Motors Private Limited		236,129,667		-
	Joint Ventures	468,164		1,294,328	
	Key Management Personnel	1,700,000		1,700,000	
	Relatives of Key Management Personnel	3,400,000		3,400,000	
	TOTAL	629,524,824		943,018,807	
2	Amount Due				
	Subsidiary/Fellow subsidiary companies	175,563,320		101,606,711	
	Gondwana Engineers Ltd.		49,097,480		-
	Hematic Motors Private Limited		-		99,463,156
	Pressmatic Electro Stampings Pvt. Limited		122,759,503		-
	Enterprises over which key management personnel or their relatives exercise significant influence	14,374,566		13,863,128	
	Key Management Personnel	34,000,000		60,205,479	
	Mr. Sanjay Kirloskar		20,000,000		25,000,000
	Mr. Vikram Kirloskar		-		20,205,479
	Relatives of Key Management Personnel	360,000		-	
	TOTAL	224,297,886		175,675,318	

* "Major parties" denote entities who account for 10% or more of the aggregate for that category of transactions.

SCHEDULE 25: NOTES FORMING PART OF ACCOUNTS (CONTD.)

(D) Names of Related Parties with whom transactions have been entered into:

1) Subsidiary Companies	Kirloskar Constructions and Engineers Limited Gondwana Engineers Limited The Kolhapur Steel Limited Kirloskar Systech Limited from 09.08.2010 Hematic Motors Pvt. Ltd. Quadromatic Engineering Pvt.Ltd. up to 28.12.2010 Pressmatic Electro Stampings Pvt. Ltd. up to 28.12.2010 Kirloskar Corrocoat Pvt. Ltd. Ila Electricals Pvt. Ltd. Vakasa Electricals Pvt. Ltd. Moreshwar Electricals Pvt. Ltd. SPP Pumps Ltd. SPP Pumps France EURL Certified Engines Limited SPP (South Africa) Pty. Ltd. SPP Pumps Holdings LLC SPP Pumps Management LLC SPP Pumps LP SPP France SAS Kirloskar Brothers International B V Kirloskar Brothers Europe B.V Micawber 784 (Proprietary) Ltd. from 26.04.2010 Braybar Pumps (Proprietary) Ltd. From 29.04.2010 Kirloskar Brothers (Thailand) Ltd.	
2) Joint Ventures	Kirloskar Ebara Pumps Limited	
3) Key Management Personnel	Mr. Sanjay Kirloskar Mr. R.K.Srivastava Mr. J. R. Sapre	
4) Relatives of Key Management Personnel	Mrs. Pratima Kirloskar Mr. Alok Kirloskar Mrs.Suman Kirloskar Mr. Atul Kirloskar Mr. Rahul Kirloskar Mrs.Vijayalaxmi Srivastava Mrs. Asha J. Sapre Ms. Preeti Sapre	Wife of Mr. Sanjay Kirloskar Son of Mr. Sanjay Kirloskar Mother of Mr. Sanjay Kirloskar Brother of Mr. Sanjay Kirloskar Brother of Mr. Sanjay Kirloskar Wife of Mr. R. K. Srivastava Wife of Mr. J. R. Sapre Daughter of Mr. J. R. Sapre
5) Jointly controlled operations	HCC – KBL Joint Venture KBL – MCCL Joint Venture KCCPL – IHP – BRC – TAIPPL – KBL JV IVRCL – KBL JV Maytas – KBL JV Larsen & Toubro – KBL JV KBL-MEIL-KCCPLJV KBL – PLR JV	

SCHEDULE 25: NOTES FORMING PART OF ACCOUNTS (CONTD.)

KBL – Koya – VA Tech JV
KBL – PIL Consortium
Larsen & Toubro – KBL – Maytas JV
IVRCL – KBL – MEIL JV
Pioneer – Avantica – ZVS – KBL JV
AMR – Maytas – KBL – WEG JV
Indu – Shrinivasa Constructions – KBL – WEG JV
MEIL – KBL – IVRCL JV
MEIL – Maytas – KBL JV
KCCPL – TAIPPL – KBL JV
KBL-SPML JV
MEIL - KBL JV
KIRLOSKAR - MEMWPL JV

6) Enterprises over which key managerial personnel or their relatives exercise significant influence

Kirloskar Proprietary Limited

SCHEDULE 25: NOTES FORMING PART OF ACCOUNTS (CONTD.)**(E) Disclosure pursuant to clause 32 of the listing agreement regarding loans and advances to subsidiary and associate companies:****A Loans and advances in the nature of loans:**

Rupees

Sr. No.	Name of the Company	Balance as at		Maximum outstanding	
		31.03.2011	31.03.2010	31.03.2011	31.03.2010
To Subsidiary Companies					
1	Kirloskar Constructions and Engineers Ltd.	-	586,281,862	1,138,394,461	800,946,591
2	Gondwana Engineers Ltd.	-	33,700,000	33,700,000	52,700,000
3	The Kolhapur Steel Limited	70,848,279	97,940,392	97,940,392	118,940,392
4	Kirloskar Brothers International BV (its subsidiaries)	-	-	-	-
5	Kirloskar Brothers (Thailand) Ltd.	-	-	-	-
6	Hematic Motors Pvt. Ltd. (its subsidiaries)	300,000,000	-	300,000,000	-
7	Pressmatic Electro Stampings Pvt. Ltd.	-	-	-	-
8	Quadromatic Engineering Pvt. Ltd.	-	-	-	-
9	Kirloskar Corrocoat Pvt. Ltd.	-	-	-	-
10	Kirloskar Systech Ltd.	-	-	-	-
TOTAL		370,848,279	717,922,254	1,570,034,853	972,586,983

B Loans and advances in the nature of loan where there is,**i) No repayment schedule:**

Rupees

Sr. No.	Name of the Company	Balance as at		Maximum outstanding	
		31.03.2011	31.03.2010	31.03.2011	31.03.2010
1	Kirloskar Constructions and Engineers Ltd.	-	586,281,862	1,138,394,461	800,946,591
2	Gondwana Engineers Ltd.	-	33,700,000	33,700,000	52,700,000
3	The Kolhapur Steel Ltd.	70,848,279	97,940,392	97,940,392	118,940,392
4	Hematic Motors Pvt. Ltd. (its subsidiaries)	300,000,000	-	300,000,000	-

ii) No interest charged:

Rupees

Sr. No.	Name of the Company	Balance as at		Maximum outstanding	
		31.03.2011	31.03.2010	31.03.2011	31.03.2010
1	Kirloskar Constructions and Engineers Ltd.	-	586,281,862	1,138,394,461	800,946,591
2	The Kolhapur Steel Ltd.	57,500,000	57,500,000	57,500,000	57,500,000

C Loans and advances in the nature of loans to firms/companies in which directors are interested: NIL**D Investment by the loanee (borrower) in the shares of the Company or subsidiary of the Company : NIL**

Note: Loans to employees including directors under various schemes of the company (such as housing loan, furniture loan, education loan etc.) have been considered to be outside the purview of this disclosure requirements.

SCHEDULE 25: NOTES FORMING PART OF ACCOUNTS (CONTD.)

25. Particulars related to Joint Ventures :

a) List of Joint Ventures

Sr. No.	Name of the Joint Venture	Description	Ownership Interest	Country of Incorporation
1	Kirloskar Ebara Pumps Ltd.	Jointly controlled entity	45%	India
2	HCC – KBL Joint Venture	Jointly controlled operations	NA	India
3	KBL – MCCL Joint Venture	Jointly controlled operations	NA	India
4	KCCPL – IHP – BRC – TAIPL – KBL JV	Jointly controlled operations	NA	India
5	IVRCL – KBL JV	Jointly controlled operations	NA	India
6	Maytas – KBL JV	Jointly controlled operations	NA	India
7	Larsen & Toubro – KBL JV	Jointly controlled operations	NA	India
8	KBL-MEIL-KCCPL JV	Jointly controlled operations	NA	India
9	KBL – PLR JV	Jointly controlled operations	NA	India
10	KBL – Koya – VA Tech JV	Jointly controlled operations	NA	India
11	KBL – PIL Consortium	Jointly controlled operations	NA	India
12	Larsen & Toubro – KBL – Maytas JV	Jointly controlled operations	NA	India
13	IVRCL – KBL – MEIL JV	Jointly controlled operations	NA	India
14	Pioneer – Avantica – ZVS – KBL JV	Jointly controlled operations	NA	India
15	AMR – Maytas – KBL – WEG JV	Jointly controlled operations	NA	India
16	Indu – Shrinivasa Constructions – KBL – WEG JV	Jointly controlled operations	NA	India
17	MEIL – KBL – IVRCL JV	Jointly controlled operations	NA	India
18	MEIL – Maytas – KBL JV	Jointly controlled operations	NA	India
19	KCCPL – TAIPL – KBL JV	Jointly controlled operations	NA	India
20	KBL-SPML JV	Jointly controlled operations	NA	India
21	MEIL - KBL JV	Jointly controlled operations	NA	India
22	KIRLOSKAR - MEMWPL JV	Jointly controlled operations	NA	India

SCHEDULE 25: NOTES FORMING PART OF ACCOUNTS (CONTD.)

b) Financial Interest in Jointly controlled entities

Rupees

Sr. No.	Name of the Joint Venture	Company's share in	As at 31st March, 2011	As at 31st March, 2010
1	Kirloskar Ebara Pumps Ltd.	Assets	605,942,554	490,124,387
		Liabilities	603,692,554	487,874,387
			As at 31st March 2011	As at 31st March 2010
		Income	563,888,852	577,306,009
		Expenses	445,694,601	411,136,096

c) **Contingent liabilities, if any, incurred in relation to interest in Joint Ventures** NIL

d) **Capital commitments, if any, in relation to interest in Joint Ventures** NIL

26. a) Details of Derivative Instruments (for hedging)

Particulars	Amount in Foreign Currency		Equivalent amount in Indian Rupees
Loans	20,000,000 (19,747,260)	USD	990,010,000 (944,977,227)
	Nil (334,339,000)	JPY	Nil (163,876,261)

SCHEDULE 25: NOTES FORMING PART OF ACCOUNTS (CONTD.)

b) Details of foreign currency exposures that are not hedged by a derivative instrument or otherwise:

Particulars	Amount in Foreign Currency		Equivalent amount in Indian Rupees
Liability			
Sundry Creditors	3,289 (Nil)	AED	44,402 (Nil)
	19,867,131 (204,316)	EGP	148,102,864 (1,736,277)
	3,420,536 (4,212,013)	EURO	217,204,039 (256,258,874)
	294,951 (2,900)	GBP	21,327,882 (198,476)
	61,987,609 (197,158,773)	JPY	33,696,464 (95,976,891)
	12,000 (Nil)	OMR	1,236,840 (Nil)
	525 (Nil)	SEK	3,600 (Nil)
	16,539,376 (7,921,157)	USD	741,294,826 (358,669,981)
	1,055,091,103 (Nil)	VND	7,621,216 (Nil)
Loans	21,620,499 (19,695,969)	USD	969,030,748 (891,833,471)
	Nil (882,201,481)	JPY	Nil (429,455,681)
Assets			
Sundry Debtors	4,073,555 (3,845,696)	EGP	30,366,996 (32,680,721)
	3,834,302 (2,316,641)	EURO	239,643,869 (138,743,629)
	472,016 (500,679)	GBP	33,659,462 (33,991,124)
	232,787 (232,787)	SGD	8,147,558 (7,404,967)
	7,528,645 (7,613,323)	USD	334,497,685 (341,762,064)
BankAccounts	14,114,186 (6,837,866)	EGP	102,342,151 (58,108,184)
	38,073 (1,115,325)	EUR	2,404,369 (66,796,828)
	84,270 (648,714)	GBP	6,019,970 (44,041,198)
	2,089,767 (3,189,583)	USD	92,968,841 (143,180,372)
	247,082,717 (Nil)	VND	526,286 (Nil)

SCHEDULE 25: NOTES FORMING PART OF ACCOUNTS (CONTD.)**27. Details of provisions and movements in each class of provisions.**

Particulars	As at 31st March,2011 (Rs.) Warranty
Carrying amount at the beginning of the year	43,387,708 (31,856,656)
Additional provision made during the year	62,875,094 (43,387,708)
Amount used during the year	43,387,708 (31,856,656)
Unused amounts reversed during the year	- (-)
Carrying amount at the end of the year	62,875,094 (43,387,708)

Brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits:-

Product Warranty

Accruals have been made in respect of warranties given by the Company for the sales made and services rendered during the year based on past experience.

28. Stock Option Scheme

- a) The grant of options to the employees under the Stock Option Schemes is on the basis of their performance and other eligibility criteria. The Options are vested over a period of three years subject to the discretion of the Management and fulfilment of certain conditions.
- b) The maximum term of ESOS is three years from the vesting date. The ESOS will be settled in the form of Equity Shares.

SCHEDULE 25: NOTES FORMING PART OF ACCOUNTS (CONTD.)

c) The details of the grants under the Stock Option Scheme are summarised below.

I) Details of Stock Options scheme granted in previous year :

Sr. No.	Particulars	2010-11				
		Grant I	Grant II	Grant III	Grant IV	Gtant V
1)	Exercise Price - Rs.	200/-	200/-	2/-	2/-	2/-
2)	Grant Date	31/8/2007	19/1/2008	01/06/2009	06/10/2009	22/10/2009
3)	Vesting Commences on	31/8/2008	19/1/2009	01/06/2010	06/10/2010	22/10/2010
4)	Options granted and outstanding at the beginning of the year	281,855 (448,415)	14,315 (22,300)	750 (Nil)	750 (Nil)	750 (Nil)
5)	Options granted during the year	Nil (Nil)	Nil (Nil)	Nil (750)	Nil (750)	Nil (750)
6)	Options cancelled/lapsed during the year	21,870 (156,560)	4,095 (7,985)	Nil (Nil)	Nil (Nil)	750 (Nil)
7)	Options exercised during the year	6,185 (10,000)	Nil (Nil)	750 (Nil)	750 (Nil)	Nil (Nil)
8)	Option outstanding at the end of year	253,800 (281,855)	10,220 (14,315)	Nil (750)	Nil (750)	Nil (750)
9)	Options granted and outstanding at the end of the year of which					
a.	Options Vested	253,800 (120,795)	10,220 (6,135)	Nil (Nil)	Nil (Nil)	Nil (Nil)
b.	Options yet to Vest	Nil (161,060)	Nil (8,180)	Nil (750)	Nil (750)	Nil (750)

II) The details of the grants under the Stock Option Scheme during the year are summarised below :

Sr. No.	Particulars	2010-11
		Grant I
1)	Exercise Price - Rs.	2/-
2)	Grant Date	14/05/2010
3)	Vesting Commences on	14/05/2011
4)	Options granted and outstanding at the beginning of the year	-
5)	Options granted during the year	1,250
6)	Options lapsed during the year	-
7)	Options exercised during the year	-
8)	Option outstanding at the end of year	1,250
9)	Options granted and outstanding at the end of the year of which	
a.	Options Vested	-
b.	Options yet to Vest	1,250

SCHEDULE 25: NOTES FORMING PART OF ACCOUNTS (CONTD.)

29. As per the information available with the Company till date; none of the suppliers have informed the company about their having registered themselves under the "Micro, Small and Medium Enterprises Development Act, 2006". As such, information as required under this Act, cannot be compiled and therefore, not disclosed for the year.
30. The Company has acquired 90% shares in Braybar Pumps (Proprietary) Ltd, (Braybar) based in South Africa, on April 29, 2010 through its Wholly Owned Subsidiary - Kirloskar Brothers International B. V., Netherlands (KBI BV). This acquisition has been effected through a Special Purpose Vehicle – Micawber 784 (Proprietary) Limited (Micawber).
As a result, KBL is the main holding company of KBI BV, which is the holding company of Micawber, which is the holding company of Braybar.
31. In terms of the Scheme of Arrangement and in accordance with the Honorable Bombay High Court orders dated April 23, 2010, 7,500 equity shares of Rs.2/- each were issued by the Board of Directors on April 26, 2010 against earlier 10,000 equity shares of Rs. 2/- each, kept in abeyance.
Further, in terms of the Employee Stock Option Scheme, Company has allotted 7,685 equity shares during the year 2010-11. As a result, the present issued and subscribed & paid-up equity share capital of the company is at Rs. 158,676,902 consisting of 79,338,451 equity shares of Rs. 2/- each.
32. On August 9, 2010 Company has formed a wholly owned subsidiary company namely Kirloskar Systech Ltd., primarily engaged in system engineering, designing, and support services.
33. On December 28, 2010 Company has disposed off its 100% shares of the wholly owned subsidiaries namely, Pressmatic Electro Stampings Pvt. Ltd. & Quadromatic Engineering Pvt. Ltd. to its other wholly owned subsidiary i.e. Hematic Motors Pvt. Ltd.
Scheme of Amalgamation (Scheme) of Pressmatic Electro Stampings Private Limited and Quadromatic Engineering Private Limited (the "Transferor Companies") with Hematic Motors Private Limited (the "Transferee Company") and their respective shareholders was approved by the Honorable High Court of Judicature at Bombay vide order dated April 8, 2011. The said scheme is effective from April 25, 2011 however, in terms of the scheme it is operative from the Appointed date, January 1, 2011.
34. On January 1, 2011 Kirloskar Brothers Ltd. (KBL) has sold the shares held in its Wholly Owned Subsidiary, Kirloskar Brothers (Thailand) Limited (KBTL) to its other Wholly Owned Subsidiary based in the Netherlands, Kirloskar Brothers International B.V (KBI BV). However, due to the negative valuation of KBTL shares, KBL has transferred the shares at nil value and accounted for the loss on the transfer.
35. Kirloskar Brothers Ltd. (KBL) has during the year contributed towards share premium on its initial share holding of 1000 shares of Euro 100 each in Kirloskar Brothers International B.V.
Such remittance of money towards Share Premium is an indirect way of contribution towards equity, as it adds value to the net worth of the Company.
36. Kirloskar Brothers Limited (KBL) had acquired Kirloskar Constructions and Engineers Limited (KCEL) (earlier known as Aban Constructions Private Limited) in the F.Y. 2006-07 for a consideration of Rs.61.33 Crores.
The reason for acquiring KCEL was due to significant synergies between both the companies. KCEL was engaged in the business of construction projects such as tunnels, bridges, roads, water and sewerage and other industrial plants.
For furtherance of KBL's business interests, KBL has advanced money to KCEL from time to time depending on the business requirements and with an intention not to hamper the projects being executed by KCEL for KBL as well as to fund KCEL's own independent projects. The outstanding amount in that respect as of end March 2011 stands at Rs. 674,703,915/-.
However, due to various reasons and in spite of the best efforts to revive it, KCEL has suffered huge operational losses and has heavy estimated accumulated losses as on March 2011. In the circumstances, no recovery of said due amount is possible. Therefore, the management has decided to write off this outstanding advance.
37. The figures have been regrouped / rearranged wherever necessary. Figures in bracket relate to previous year.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
(Inserted by Notification No. GSR 388 (E), dated 15.05.1995)

I Registration Details

Registration No. : 0 0 0 6 7 0 State Code 1 1
 Balance Sheet Date 3 1 0 3 2 0 1 1
 Date Month Year

II Capital raised during the year (Amount in Rs. Thousands)

Public Issue	0 0 0 0 0 0 0 0	Rights Issue	0 0 0 0 0 0 0 0
Bonus Issue	0 0 0 0 0 0 0 0	Private Placement	0 0 0 0 0 0 0 0
ESOPs	0 0 0 0 0 0 1 0		

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Sources of Funds	Total Liabilities	Total Assets
	1 0 9 6 8 1 0 7	1 0 9 6 8 1 0 7
	Paid up Capital	Reserves & Surplus
	0 0 1 5 8 6 7 7	0 0 7 2 0 7 0 4 1
	Secured Loans	Unsecured Loans
	0 0 1 6 6 3 0 1 2	0 0 1 8 2 3 9 7 8
Application of Funds	Employee Stock Options outstanding	Deferred Taxes
	0 0 0 0 6 8 6 6 3	0 0 0 0 4 6 7 3 6
	Net Fixed Assets	Investments
	0 0 3 1 1 5 1 3 6	0 0 1 6 7 3 2 6 3
	Net Current Assets	Misc. Expenses
	0 0 6 1 3 9 3 9 6	0 0 0 0 0 0 0 0
	Accumulated Losses	Intangible Assets
	0 0 0 0 0 0 0 0	0 0 0 0 4 0 3 1 2

IV Performance of Company (Amount in Rs. Thousands)

Turnover	Total Expenses
1 9 5 4 9 4 5 8	1 8 5 1 8 6 4 8

V Profit of Company (Amount Rs. Thousands)

+ -	Profit / Loss Before Tax	+ -	Profit / Loss After Tax
+	0 0 1 0 3 0 8 1 0	+	0 0 6 1 3 6 0 0

(Please tick appropriate box + for Profit, - for Loss)
 Basic Earning per Share in Rs. 0 0 0 0 7 . 7 3
 Dividend Rate % 1 7 5

VI Generic Names of Three Principal Products / Services of Company (As per monetary terms)

Item Code No. (ITC Code) : 0 0 0 8 4 . 1 3
 Product Description : P U M P S F O R L I Q U I D S
 Item Code No. (ITC Code) : 0 0 0 8 4 . 8 1
 Product Description : V A L V E S
 Item Code No. (ITC Code) : N - A
 Product Description : C O N S T R U C T I O N & P R O J E C T
 R E L A T E D A C T I V I T Y

As per our report of even date attached

For M/s P.G. Bhagwat
Chartered Accountants

PANKAJA BHAGWAT
Partner

PUNE : April 26, 2011

For and on behalf of the Board of Directors

SANJAY KIRLOSKAR
Chairman & Managing Director
G. P. KULKARNI
Company Secretary

S. N. INAMDAR
Director
UMESH R. SHASTRY
Vice President (Finance)

PUNE : April 26, 2011

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO SUBSIDIARY COMPANIES :**

Names of the Subsidiaries	Kirloskar Constructions and Engineers Limited	Gondwana Engineers Limited	Kirloskar Brothers International B V (Consolidated)	The Kolhapur Steel Limited	Hematic Motors Pvt. Limited (Consolidated)	Kirloskar Corrocoat Pvt. Limited	Kirloskar Systech Limited
1. The Financial year of the Subsidiary Companies ended on	March 31, 2011	March 31, 2011	December 31, 2010	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011
2. Holding Company's interest	Controls composition of the Board and also owns 100 % of equity share capital	Controls composition of the Board and also owns 100 % of equity share capital	Controls composition of the Board and also owns 100 % of equity share capital	Controls composition of the Board and also owns 95.95% of equity share capital	Controls composition of the Board and also owns 100 % of equity share capital	Controls composition of the Board and also owns 65 % of equity share capital	Controls composition of the Board and also owns 100 % of equity share capital
3. Net aggregate amount of Subsidiary's Profits / (Losses) as far as it concerns members of the holding company not dealt with the Holding Company's accounts :							
(i) Profit / (Loss) for the Subsidiary's financial year end Rs.	(6,528,057)	43,420,956	149,277,201	44,665,830	34,881,520	43,285,015	169,678
(ii) Profits / (Losses) for its previous financial years since becoming subsidiary, Rs.	(159,793,077)	61,799,628	(17,919,082)	29,122,137	11,971,513	21,748,720	-
4. Net aggregate amount of Subsidiary's Profits / (Losses) dealt with in the Holding Company's accounts :							
(i) for the Subsidiary's financial year ended March 31, 2011	Nil	Nil*	Nil	Nil*	Nil*	Nil*	Nil
(ii) for its previous financial years	Nil	Nil**	Nil	Nil	Nil**	Nil*	Nil
* - except dividend Rs.	-	-	-	16,311,083	16,146,900	16,250,000	-
** - except dividend Rs.	-	10,441,600	-	-	8,807,400	32,500,000	-

For and on behalf of the Board of Directors

SANJAY KIRLOSKAR
Chairman & Managing Director

S. N. INAMDAR
Director

G. P. KULKARNI
Company Secretary

UMESH R. SHASTRY
Vice President (Finance)

PUNE : April 26, 2011

Statement showing information for subsidiary companies in terms of a general exemption granted by the Ministry of Corporate Affairs under section 212 (8) of the Companies Act, 1956 vide General Circular No. 2/2011 dt. February 8, 2011.

Name of the Subsidiary Company	Reporting currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investment other than Investment in Subsidiary Long Term	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	Country
Kiroskar Constructions & Engineers Limited	INR	1.0000	161,500,020	(14,612,358)	173,524,525	173,524,525	5,100	548,445,927	(14,061,183)	(7,533,126)	(6,528,057)	-	India
Gondwana Engineers Limited	INR	1.0000	4,016,000	155,101,443	263,343,737	263,343,737	23,000	667,020,395	65,991,600	22,570,644	43,420,956	-	India
The Kolhapur Steel Limited	INR	1.0000	17,000,000	42,901,990	141,346,721	141,346,721	-	358,371,516	77,266,135	32,600,305	44,665,830	17,000,000	India
Kiroskar Systech Limited	INR	1.0000	500,000	169,678	245,682	245,682	-	13,029,380	245,682	76,004	169,678	-	India
Hematic Motors Pvt. Ltd.	INR	1.0000	2,935,800	125,700,775	633,081,460	633,081,460	-	888,602,238	54,506,075	15,054,794	39,451,281	-	India
Quadromatic Engineering Pvt.Ltd. *	INR	1.0000	-	-	-	-	-	36,665,096	4,389,632	1,301,938	3,087,694	-	India
Prismatic Electro Stampings Pvt. Ltd. *	INR	1.0000	-	-	-	-	-	701,430,340	14,144,464	4,922,399	9,222,065	-	India
Kiroskar Corocoat Pvt. Ltd.	INR	1.0000	50,000,000	73,166,956	138,503,605	138,503,605	-	407,942,732	67,094,067	23,809,052	43,285,015	25,000,000	India
Ila Electricals Pvt. Ltd.	INR	1.0000	892,500	2,017,646	2,934,467	2,934,467	-	5,885,858	(190,503)	(157,889)	(32,614)	267,750	India
Vakasa Electricals Pvt. Ltd.	INR	1.0000	490,000	477,882	967,882	967,882	-	6,888,056	944,415	295,000	649,415	367,500	India
Moreswar Electricals Pvt. Ltd.	INR	1.0000	270,000	32,756	309,454	309,454	-	-	156,568	55,185	101,383	40,500	India
SPP Pumps Ltd.	GBP	72.7904	141,941,280	554,704,680	709,942,146	709,942,146	-	3,315,709,219	252,465,659	72,839,614	179,626,044	-	U K
SPP Pumps France EURL	EURO	64.0064	24,511,763	(11,867,555)	62,063,550	62,063,550	-	147,096,436	(7,478,572)	-	(7,478,572)	-	France
SPP (South Africa) Pty. Ltd.	RAND	6.6452	665	46,049,774	101,341,945	101,341,945	-	207,672,029	12,628,478	3,675,420	8,953,058	-	South Africa
SPP Pumps LP	US\$	45.398	22,698,900	33,899,844	192,483,738	192,483,738	-	515,292,388	5,644,757	924,844	4,719,913	-	U S A
Kiroskar Brothers International B V	EURO	64.0064	16,641,664	919,189,382	936,736,608	936,736,608	-	-	(136,078)	-	(136,078)	-	The Netherlands
Kiroskar Brothers Europe B.V	EURO	64.0064	12,801,280	7,739,462	52,633,935	52,633,935	-	62,902,674	(23,048,641)	2,003,336	(25,051,977)	-	The Netherlands
Micamber 784 (Proprietary) Ltd.	RAND	6.6452	665	-	71,767,495	71,767,495	-	-	-	-	-	-	South Africa
Braybar Pumps (Proprietary) Ltd.	RAND	6.6452	665	8,703,704	16,528,566	16,528,566	-	101,274,317	2,715,102	940,841	1,774,262	-	South Africa
Kiroskar Brothers (Thailand) Ltd. **	Bhat	1.4990	14,990,000	(17,391,100)	15,858,005	15,858,005	-	82,939,001	(15,177,298)	(6,966,640)	(8,210,658)	-	Thailand

Details of certified Engines Limited, SPP Pumps Management LLC, SPP Pumps Holdings LLC and SPP France SAS are not provided, since dormant.

Notes: * Refer note no B - 33.

** Refer note no B - 34

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

Auditor's Report to the Board of Directors of Kirloskar Brothers Limited

We have audited the attached consolidated balance sheet of **Kirloskar Brothers Limited (KBL) Group**, as at 31st March 2011 and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the generally accepted auditing standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 4,103.40 million as at 31st March, 2011, the total revenue of Rs. 6,475.62 million and cash inflows amounting to Rs. 27.16 million for the year then ended. These Financial statements and other financial information have been audited by other auditors, whose report have been furnished to us and our opinion is based solely on the reports of other auditors.

We report that the consolidated financial statements have been prepared by the management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, Accounting Standard (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard (AS) 27, Financial Reporting of Interests in Joint Ventures, prescribed by Companies (Accounting Standards) Rules, 2006.

We further report that the statutory auditors of Kirloskar Constructions and Engineers Limited, subsidiary of KBL, have opined that the accounts read with the notes thereon give a true and fair view subject to the following qualifications in the auditor's report:

- i) They are unable to comment on compliance of Accounting Standard 2 on 'Valuation of Inventories' issued under Companies (Accounting Standards) Rules, 2006 and have relied on the certification by the management. The company has not updated the inventory records, due to which the weighted average rates as on 31st March 2011 were not available for accounting of consumption of materials and valuation of inventory. Physical verification of inventories has not been conducted and hence discrepancies, if any, between physical inventories and inventories as per records have not been identified.*
- ii) Non-compliance of Accounting Standard 5 'Net profit or loss for the period, prior period items and changes in accounting policies' issued under Companies (Accounting Standards) Rules, 2006 in so far as it relates to the prior period items.*
- iii) Provision for gratuity and leave encashment has not been ascertained by "actuarial valuation" and has not been made in case of site employees. Disclosures have not been made as per Accounting Standard 15 'Employee Benefits' issued under Companies (Accounting Standards) Rules, 2006.*
- iv) The processes and internal control system in the areas of operations as well as accounting are substantially inadequate and need to be significantly strengthened. Internal audit was not conducted at the Head office or the project sites during the year.*

- v) *Sundry Debtors, loans and advances, other current assets, sundry creditors, advances and deposits from customers, statutory dues, other current liabilities and balances in case of 24 bank accounts are subject to confirmations and reconciliation. Provision required for amounts not recoverable has not been assessed.*
- vi) *Liquidated damages, if any, have not been assessed in respect of projects discontinued or short closed. No provision has been made for additional costs/losses, as per the requirements of Accounting Standard 7-Construction contracts.*
- vii) *No adjustments/provisions have been made for income tax liability in respect of the years for which assessments have been completed by the concerned income tax authorities. They are unable to comment on the estimation of current tax liability and the compliance of Accounting Standard 22-Taxes on Income.*
- viii) *Accounting effects have not been given in the books of accounts in respect to the revised arrangement of handing over the responsibility of execution of the Pabbar valley Power Corporation Ltd. to its joint venture partner.*

The Directors' report of the company gives detailed comments on the observations made by the auditors. Taking into consideration the relative size of the consolidated financial statements of KBL Group, in our opinion the impact on the Consolidated financial statements of KBL Group, of the abovementioned qualifications are not expected to be material, although the overall impact of the auditor's qualification on the financial statements have not been ascertained by them.

Based on our audit and on consideration of report of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the consolidated balance sheet, of the state of affairs of KBL Group as at 31st March, 2011;
- b) in the case of consolidated profit and loss account, of the profit for the year ended on that date; and
- c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For M/s P. G. BHAGWAT
Chartered Accountants

Pankaja Bhagwat
Partner

Membership No. 086155
Registration no. of Firm: 101118W

Pune : 26th April, 2011

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

	Schedule	2011 Rupees	2010 Rupees
SOURCES OF FUNDS :			
Shareholders' Funds			
Capital	1	158,676,902	158,509,032
Reserves and surplus	2	8,268,652,595	7,646,150,537
Employee Stock options outstanding		68,702,929	76,990,608
Less: Deferred employee compensation expenses		<u>39,524</u>	<u>7,049,214</u>
		<u>68,663,405</u>	<u>69,941,394</u>
		<u>8,495,992,902</u>	<u>7,874,600,963</u>
Minority Interest			
Capital		23,309,429	23,132,327
Reserves and surplus		<u>31,136,343</u>	<u>19,297,802</u>
		<u>54,445,772</u>	<u>42,430,129</u>
Loan Funds			
Secured Loans	3	1,928,955,712	1,570,243,858
Unsecured Loans	4	1,993,906,859	2,949,867,049
		<u>3,922,862,571</u>	<u>4,520,110,907</u>
Deferred Tax-net	5	<u>84,717,756</u>	<u>121,725,983</u>
Total		<u>12,558,019,001</u>	<u>12,558,867,982</u>
APPLICATION OF FUNDS :			
Fixed Assets			
Gross Block	6	6,706,305,426	6,451,861,184
Less: Depreciation and Impairment		<u>2,623,804,544</u>	<u>2,252,022,853</u>
Net Block		<u>4,082,500,882</u>	<u>4,199,838,331</u>
Capital work-in-progress including capital advances		<u>425,706,461</u>	<u>291,539,756</u>
		<u>4,508,207,343</u>	<u>4,491,378,087</u>
Intangible Assets			
Gross Block	7	164,331,486	119,914,099
Less: Amortization		<u>116,320,173</u>	<u>99,036,382</u>
Net Block		<u>48,011,313</u>	<u>20,877,717</u>
Goodwill			
Gross Block		777,871,173	647,931,989
Less: Amortization		<u>2,456,377</u>	<u>-</u>
Net Block		<u>775,414,796</u>	<u>647,931,989</u>
Investments			
a) Long Term Investments		11,364,830	12,000,181
b) Current Investments		<u>40,912,475</u>	<u>100,424,508</u>
		<u>52,277,305</u>	<u>112,424,689</u>
Current Assets, Loans & Advances			
Inventories	8	3,267,696,875	2,827,860,384
Gross amount due from customers for project related contract work	9	3,445,713,996	2,744,898,192
Sundry debtors	10	6,554,139,026	8,118,534,712
Cash and bank balances	11	845,794,343	1,197,235,482
Other current assets	12	1,514,762,370	1,407,965,552
Loans and advances	13	4,408,224,726	3,650,099,117
		<u>20,036,331,336</u>	<u>19,946,593,439</u>
Less: Current Liabilities & Provisions			
Current Liabilities	14	10,680,330,667	11,034,539,741
Gross amount due to customers for project related contract work	15	1,352,020,906	733,052,337
Provisions	16	831,470,532	894,622,387
		<u>12,863,822,105</u>	<u>12,662,214,465</u>
Net Current Assets		<u>7,172,509,231</u>	<u>7,284,378,974</u>
Miscellaneous Expenditure			
(To the extent not written off or adjusted)			
Preliminary Expenses		1,599,013	1,876,526
Total		<u>12,558,019,001</u>	<u>12,558,867,982</u>

Notes to Accounts

The schedules referred to above and the notes to accounts form an integral part of the Balance Sheet

As per our report of even date attached

For and on behalf of the Board of Directors

For M/s P.G. Bhagwat
Chartered Accountants

SANJAY KIRLOS KAR
Chairman & Managing Director

S. N. INAMDAR
Director

PANKAJA BHAGWAT
Partner

G. P. KULKARNI
Company Secretary

UMESH R. SHASTRY
Vice President (Finance)

PUNE : April 26, 2011

PUNE : April 26, 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Schedule	2011 Rupees	2010 Rupees
INCOME			
Sales	17	26,416,517,266	26,589,205,796
Other income	18	208,854,576	289,635,697
Total		26,625,371,842	26,878,841,493
EXPENDITURE			
Materials consumed	19	17,739,577,998	18,288,909,185
Payments and benefits to employees	20	2,663,981,184	2,099,492,758
Operating and other expenses	21	3,790,392,173	3,735,683,321
Interest	22	370,472,133	454,818,027
Depreciation, amortization and impairment		457,519,534	383,879,365
		25,021,943,022	24,962,782,656
Less: Expenses capitalized		8,242,229	2,057,060
Total		25,013,700,793	24,960,725,596
Profit/(Loss) before tax		1,611,671,049	1,918,115,897
Provision for tax	23	619,557,610	785,952,604
Profit/(Loss) after tax before prior year adjustments		992,113,439	1,132,163,293
Prior year Adjustments		14,310,814	3,459,946
Profit/(Loss) after tax after prior year adjustments		977,802,625	1,128,703,347
Less : Minority Share		7,617,477	7,044,458
Add : Share in Profit of the Associate Companies		-	6,044,374
Balance brought forward from previous year		630,197,581	504,311,757
Profit available for appropriation		1,600,382,729	1,632,015,020
Appropriations			
Proposed dividend		298,373,496	486,665,213
Additional tax on dividend		49,463,209	80,980,317
Transfer to General Reserve		110,848,770	428,127,535
Transferred to retained earnings of Associate Companies		-	6,044,374
Surplus carried to Balance Sheet		1,141,697,254	630,197,581
		1,600,382,729	1,632,015,020
Basic Earnings per Equity Share (Refer Note No.8)		12.23	14.23
Diluted Earnings per Equity Share (Refer Note No.8)		12.23	14.23

Notes to Accounts

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The schedules referred to above and the notes to accounts form an integral part of Profit and Loss Account.

As per our report of even date attached

For and on behalf of the Board of Directors

For M/s P.G. Bhagwat
Chartered Accountants

SANJAY KIRLOSKAR
Chairman & Managing Director

S. N. INAMDAR
Director

PANKAJA BHAGWAT
Partner

G. P. KULKARNI
Company Secretary

UMESH R. SHASTRY
Vice President (Finance)

PUNE : April 26, 2011

PUNE : April 26, 2011

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	2011 Rupees	2010 Rupees
A. Cash flow from operating activities		
Net profit before taxation and extraordinary items	1,611,671,049	1,918,115,897
Adjustments for		
Depreciation and amortization	457,519,534	383,886,295
Employees Stock Option debited / (credited) to Profit & Loss A/c (Net)	610,601	(19,518,730)
Loss/(profit) on sale of fixed assets	102,770,136	(507,307)
(Profit) /loss on sale of investments	(19,758,755)	123,534
Unrealized foreign exchange loss/(gain)	60,180,797	(162,199,809)
Provision for doubtful debts and advances	99,864,227	81,915,222
Provision for diminution in value of investments	-	49,482
Provision for gratuity and leave encashment	-	(3,942,146)
Interest income	(11,938,040)	(41,517,206)
Dividend income	(20,618,315)	(33,007,256)
Investment written off	1,474,120	500,000
Excess provision written back	(11,844,587)	(2,054,005)
Unsecured loans written back	(628,822)	-
Prior period expenditure	(14,310,814)	(3,459,946)
Sundry irrecoverable balances written off	-	262,967
Preliminary expenses written off	320,840	-
Advances written off	14,745,000	-
Interest expenses	370,472,133	454,366,148
Operating profits before working capital changes	2,640,529,104	2,573,013,140
(Increase)/decrease in trade and other receivables	222,740,960	(990,835,251)
(Increase)/decrease in inventories	(383,493,487)	(388,789,166)
Increase/(decrease) in sundry creditors	751,205,092	(94,993,240)
Cash generated from operations	3,230,981,669	1,098,395,483
Income tax paid	(987,912,761)	(1,052,240,805)
Net cash from operating activities	2,243,068,908	46,154,678
B. Cash flow from investing activities		
Purchase of fixed assets	(754,793,118)	(636,413,578)
Proceeds from sale of fixed assets	12,802,500	2,896,868
(Purchase)/Sale of investments	53,930,866	1,188,293,581
Interest received	12,496,071	79,554,256
Dividends received	107,154,198	33,374,841
Advance to subsidiaries	-	(37,474,035)
Net cash from investing activities	(568,409,483)	630,231,933
C. Cash flow from financing activities		
Proceeds from issuance of Share Capital	1,740,000	113,695,290
Purchase of own shares	-	(8,354,612)
(Repayment)/proceeds of/from long term borrowings (net)	(1,133,024,876)	1,747,636,935
(Repayment)/proceed of/from other borrowings (net)	126,238,706	(1,220,167,745)
Interest paid	(383,227,157)	(425,063,477)
Dividends paid	(555,048,475)	(229,949,007)
Tax on dividend paid	(77,230,336)	(40,370,725)
Preliminary expenses	(43,330)	-
Net cash used in financing activities	(2,020,595,468)	(62,573,341)
Unrealised Exchange Gain / (Loss) in cash and cash equivalents	(5,512,719)	(14,331,025)
Net increase in cash and cash equivalents	(351,448,762)	613,813,270
Cash and cash equivalents at the beginning of the year	1,197,235,482	531,989,334
Add : Due to acquisition of subsidiary	7,623	65,763,903
Sub Total	1,197,243,105	597,753,237
Cash and cash equivalents at the end of the year [Refer sch. 11]	845,794,343	1,197,235,482

As per our report of even date attached

For and on behalf of the Board of Directors

For M/s P.G. Bhagwat
Chartered Accountants

SANJAY KIRLOSKAR
Chairman & Managing Director

S. N. INAMDAR
Director

PANKAJA BHAGWAT
Partner

G. P. KULKARNI
Company Secretary

UMESH R. SHASTRY
Vice President (Finance)

PUNE : April 26, 2011

PUNE : April 26, 2011

SCHEDULE TO THE CONSOLIDATED ACCOUNTS

	2011 Rupees	2010 Rupees
SCHEDULE 1 : SHARE CAPITAL		
Authorized		
250,000,000 (250,000,000) equity shares of Rs.2/- (Rs.2/-) each	500,000,000	500,000,000
	500,000,000	500,000,000
Issued		
79,338,451 (79,323,266) equity shares of Rs.2/- (Rs.2/-) each (after capital reduction, as per scheme of arrangement)	158,676,902	158,646,532
– (10,000) equity shares of Rs.2/- (Rs.2/-) each #	–	20,000
	158,676,902	158,666,532
Subscribed and paid up		
79,338,451 (79,323,266) equity shares of Rs.2/- (Rs.2/-) each	158,676,902	158,646,532
– (10,000) equity shares of Rs.2/- (Rs.2/-) each #	–	20,000
	158,676,902	158,666,532
Less : – (78,750) equity shares of Rs 2/- (Rs 2/-) each held by subsidiary company		
	–	157,500
	158,676,902	158,509,032
Out of the above		
(i) 123,750 (123,750) equity shares of Rs.2/- (Rs.2/-) each were allotted as fully paid up pursuant to contract for consideration other than cash.		
ii) 66,374,981 (66,374,981) equity shares of Rs.2/- (Rs.2/-) each were allotted as fully paid up bonus shares by capitalisation of General Reserve and Share Premium		
# Refer Note No. B–10		
	158,676,902	158,509,032

SCHEDULE TO THE CONSOLIDATED ACCOUNTS (CONTD.)

	2011 Rupees	2010 Rupees
SCHEDULE 2 : RESERVES AND SURPLUS		
Capital Reserve		
Balance as per last account	12,113,893	11,938,016
Add : Increase on account of acquisition / merger of subsidiaries	13,200,294	175,877
	25,314,187	12,113,893
(Includes Rs. Nil (Rs. 4,701,504/–) on the acquisition of Associate Companies, Nil (Rs. 73,419/–) on acquisition of interest in a joint venture companies and Rs.13,200,294/– (Rs.175,877) on account of acquisition / merger of subsidiaries)		
Capital Redemption Reserve	5,275,000	5,275,000
Share Premium Account		
Balance as per last account	400,469,752	395,881,752
Add: Premium on shares issued during the year	3,113,282	4,588,000
	403,583,034	400,469,752
General Reserve		
Balance as per last account	6,725,162,823	6,624,308,380
Add : Reduction in capital as per scheme of arrangement [Refer Note No - B-10]	5,000	52,882,178
Add: Transfer from Aggregate Share in Retained Earnings of Associate Companies	–	235,332,220
Add: Transfer from Profit and Loss Account	110,848,770	428,127,535
Less: On account of merger / transfer of subsidiaries	208,228,806	–
Less : Transfer as per scheme of arrangement	–	615,487,490
	6,627,787,787	6,725,162,823
Profit and Loss Account	1,141,697,254	630,197,581
Add: On account of merger / transfer of subsidiaries	37,532,736	–
	1,179,229,990	630,197,581
Aggregate Share in Retained Earnings of Associate Companies		
Balance as per last account	–	229,287,846
Add : Transferred from Profit and Loss Account	–	6,044,374
	–	235,332,220
Less : Transferred to General Reserve	–	235,332,220
	–	–
Foreign Exchange Translation Reserve		
Balance as per last account	(127,068,512)	37,154,888
Addition / (Deduction) for the year	154,531,109	(164,223,400)
	27,462,597	(127,068,512)
	8,268,652,595	7,646,150,537
SCHEDULE 3 : SECURED LOANS		
Loans and advances from banks		
Cash/Export Credit facilities	917,372,203	755,170,483
[Secured by hypothecation of movable current assets and book debts of the company]		
Other loans and advances		
External Commercial Borrowing from Credit Agricole Corporate and Investment Bank	929,007,081	451,043,247
Other Banks	75,517,546	363,985,608
[Secured by way of hypothecation of movable fixed assets and mortgage of immovable properties of the company (both present and future).]		
Term Loan Secured by hypothecation of vehicles purchased	7,058,882	44,520
	1,928,955,712	1,570,243,858

SCHEDULE TO THE CONSOLIDATED ACCOUNTS (CONTD.)

	2011 Rupees	2010 Rupees
SCHEDULE 4 : UNSECURED LOANS		
Interest free loan under Sales Tax Deferral Scheme	66,513,354	70,371,293
Foreign Currency Short term Loans and advances	969,030,748	1,942,636,593
Rupee Short Term Loans and advances	955,954,708	936,859,163
Long Term Loans – Others	2,408,049	–
	<u>1,993,906,859</u>	<u>2,949,867,049</u>

SCHEDULE 5 : DEFERRED TAX–NET

Deferred Tax Liabilities		
On depreciation/amortization of fixed assets	245,229,170	201,708,049
On other timing differences	519,638	58,484,276
	<u>245,748,808</u>	<u>260,192,325</u>
Deferred tax assets		
On employees voluntary retirement schemes	2,956,320	65,107
On provision for doubtful debts/advances	78,405,875	65,313,586
Provision for leave encashment and pension	61,724,058	40,766,613
Other timing differences	17,944,799	32,321,036
	<u>161,031,052</u>	<u>138,466,342</u>
	<u>84,717,756</u>	<u>121,725,983</u>

SCHEDULE 6 : FIXED ASSETS

(In Rupees)

	Land Free/ Lease Hold	Buildings	Railway Siding	Plant & Machinery	Furniture & Fittings	Vehicles	Total	Previous Year
Gross Block								
At 01.04.2010	312,741,402	1,335,733,206	1,649,805	4,431,257,888	232,526,618	137,952,265	6,451,861,184	4,996,671,173
Additions								
on account of acquisition of subsidiary	–	–	–	21,724,918	983,077	2,236,241	24,944,236	225,821,699
on account of disposal of subsidiary	–	–	–	–	–	–	–	(18,429,624)
during the year	112,410,613	86,277,083	21,960	350,266,796	11,698,233	15,578,178	576,252,863	1,128,161,774
on account of Revaluation	–	–	–	–	–	–	–	140,799,820
	112,410,613	86,277,083	21,960	371,991,714	12,681,310	17,814,419	601,197,099	1,476,353,669
Deductions								
on account of reversal of revaluation reserve	9,834,332	–	–	137,473,500	–	–	147,307,832	–
during the year	5,500	1,787,210	–	186,739,185	1,373,603	9,539,527	199,445,025	21,163,658
	9,839,832	1,787,210	–	324,212,685	1,373,603	9,539,527	346,752,857	21,163,658
At 31.03.2011	415,312,183	1,420,223,079	1,671,765	4,479,036,917	243,834,325	146,227,157	6,706,305,426	6,451,861,184
Depreciation / Amortisation								
At 01.04.2010	219,476	171,546,602	1,493,373	1,871,840,141	118,384,229	86,039,032	2,249,522,853	1,785,078,999
Addition on account of acquisition of subsidiary	–	–	–	16,560,444	644,897	306,547	17,511,888	95,445,050
	219,476	171,546,602	1,493,373	1,888,400,585	119,029,126	86,345,579	2,267,034,741	1,880,524,049
For the year	716,911	33,950,455	43,965	387,117,873	10,975,046	11,510,612	444,314,862	387,735,923
Recouped on account of reversal of Revaluation Reserve	–	–	–	6,535,496	–	–	6,535,496	–
	716,911	33,950,455	43,965	380,582,377	10,975,046	11,510,612	437,779,366	387,735,923
Recouped	–	661,614	–	75,656,017	699,915	6,492,017	83,509,563	18,737,119
At 31.03.2011	936,387	204,835,443	1,537,338	2,193,326,945	129,304,257	91,364,174	2,621,304,544	2,249,522,853
Provision for Impairment	–	–	–	2,500,000	–	–	2,500,000	2,500,000
Net Block								
At 31.03.2011	414,375,796	1,215,387,636	134,427	2,283,209,972	114,530,068	54,862,983	4,082,500,882	4,199,838,331
Assets under Erection including Capital Advances								
At 31.03.2011	414,375,796	1,215,387,636	134,427	2,283,209,972	114,530,068	54,862,983	4,508,207,343	4,491,378,087
At 31.03.2010	312,521,926	1,164,186,604	156,432	2,556,917,747	114,142,389	51,913,233	4,199,838,331	

SCHEDULE TO THE CONSOLIDATED ACCOUNTS (CONTD.)

	2011 Rupees	2010 Rupees
SCHEDULE 7 : INTANGIBLE ASSETS		
Gross Block		
At 01.04.2010	119,914,099	101,403,688
Additions / Assets acquired	44,417,387	18,510,411
At 31.03.2011	164,331,486	119,914,099
Amortization		
At 01.04.2010	99,036,382	83,890,175
For the year including on assets acquired	17,283,791	15,146,207
At 31.03.2011	116,320,173	99,036,382
Net Block as at 31.03.2011	48,011,313	20,877,717
SCHEDULE 8 : INVENTORIES		
Raw materials and components	1,078,079,723	991,463,433
Stores and spares	100,189,935	49,833,376
Work-in-progress	1,352,192,258	1,460,999,727
Finished goods	737,234,959	325,563,848
	3,267,696,875	2,827,860,384
SCHEDULE 9 : GROSS AMOUNT DUE FROM CUSTOMERS FOR PROJECT RELATED CONTRACT WORK		
Cost incurred plus recognized profits less recognized losses	42,886,603,091	40,527,153,235
Less: Progress billing	39,440,889,095	37,782,255,043
	3,445,713,996	2,744,898,192
SCHEDULE 10 : SUNDRY DEBTORS		
Debts outstanding for a period exceeding six months		
Unsecured, considered good	1,225,927,249	1,948,946,890
Considered doubtful	245,500,140	177,100,910
Other debts		
Unsecured, considered good	5,328,211,777	6,169,587,822
	6,799,639,166	8,295,635,622
Less: Provision for doubtful debts	245,500,140	177,100,910
	6,554,139,026	8,118,534,712

SCHEDULE TO THE CONSOLIDATED ACCOUNTS (CONTD.)

	2011 Rupees	2010 Rupees
SCHEDULE 11 : CASH AND BANK BALANCES		
Cash on hand	5,891,699	11,927,912
Balances with scheduled banks		
On current accounts	371,871,046	565,058,464
On deposit accounts	364,950,483	114,808,831
Balances with other banks		
On current accounts	16,909,551	2,434,934
On deposit accounts	86,171,564	503,005,341
	<u>845,794,343</u>	<u>1,197,235,482</u>
SCHEDULE 12 : OTHER CURRENT ASSETS		
Interest accrued on investments	6,506,817	5,260,035
Claims receivable	1,508,255,553	1,401,565,691
Other current assets	-	1,139,826
	<u>1,514,762,370</u>	<u>1,407,965,552</u>
SCHEDULE 13 : LOANS AND ADVANCES		
Unsecured considered good		
Advances recoverable in cash or kind or for value to be received	2,220,601,357	2,041,826,520
Considered doubtful	10,731,213	10,499,007
Balances with customs, excise, etc.	34,466,435	2,818,294
Deposits with post & others	1,390,155,748	1,260,921,538
Advance Income tax (net of provision for tax)	763,001,186	344,532,765
	<u>4,418,955,939</u>	<u>3,660,598,124</u>
Less: Provision	10,731,213	10,499,007
	<u>4,408,224,726</u>	<u>3,650,099,117</u>
SCHEDULE 14 : CURRENT LIABILITIES		
Acceptances	115,872,293	12,651,080
Sundry Creditors	6,750,268,394	7,192,697,498
Advances and deposits from customers	2,786,737,341	2,941,489,950
Items covered by Investor Education and Protection Fund		
(a) Unpaid dividend	55,914,238	48,731,200
(b) Unpaid Matured Deposits	390,000	516,000
Other liabilities	926,823,086	781,128,227
Interest accrued but not due on loans	44,325,315	57,325,786
	<u>10,680,330,667</u>	<u>11,034,539,741</u>
SCHEDULE 15 : GROSS AMOUNT DUE TO CUSTOMERS FOR PROJECT RELATED CONTRACT WORK		
Progress billing	10,898,679,644	8,918,354,977
Less: Cost incurred plus recognized profits less recognized losses	9,546,658,738	8,185,302,640
	<u>1,352,020,906</u>	<u>733,052,337</u>

SCHEDULE TO THE CONSOLIDATED ACCOUNTS (CONTD.)

	2011 Rupees	2010 Rupees
SCHEDULE 16 : PROVISIONS		
Proposed dividend	298,373,496	486,665,213
Additional tax on dividend	46,781,410	80,980,317
Provision for product warranties	99,267,495	74,972,012
Provision for leave encashment	273,769,809	208,888,428
Provision for pension benefits	49,076,555	21,280,300
Other provisions	64,201,767	21,836,117
	<u>831,470,532</u>	<u>894,622,387</u>
SCHEDULE 17: SALES AND CONTRACT REVENUE		
Sales (Gross)	17,466,102,574	15,272,601,358
Less: Excise duty recovered	775,762,768	504,243,006
	<u>16,690,339,806</u>	<u>14,768,358,352</u>
Construction and project related revenue	9,726,177,460	11,820,847,444
	<u>26,416,517,266</u>	<u>26,589,205,796</u>
SCHEDULE 18 : OTHER INCOME		
Income from investments		
Interest from long term investments	8,354,977	38,602,121
(Tax deducted at source Rs. nil (Previous year Rs. nil)		
Dividend income		
(a) Trade investment	16,184,605	27,613,523
(b) Other investments – Long term	4,433,710	5,393,733
Profit on sale of current investments	19,758,755	–
Other Interest	3,583,064	3,879,685
Profit on sale of fixed assets	4,933,302	1,454,463
Excess Provision written back	11,844,587	–
Royalty received	1,867,638	643,505
House rent	4,030,433	2,898,303
Recovery of bad debts	13,262,250	77,115,744
Agency Commission	21,125,087	24,422,926
Miscellaneous income	98,847,346	107,611,694
Unsecured Loans Written back	628,822	–
	<u>208,854,576</u>	<u>289,635,697</u>

SCHEDULE TO THE CONSOLIDATED ACCOUNTS (CONTD.)

	2011 Rupees	2010 Rupees
SCHEDULE 19 : MATERIALS CONSUMED		
Raw materials consumed	12,671,763,772	13,191,239,045
Stores and spares consumed	540,631,209	409,013,729
Processing charges	1,009,733,488	761,033,000
Purchase of traded goods	3,806,444,223	4,164,003,641
	<u>18,028,572,692</u>	<u>18,525,289,415</u>
(Increase)/Decrease in stocks		
Opening stock		
Work-in-progress	1,460,999,727	1,111,993,954
Finished goods (Includes Rs. 13,868,948/- on account of acquisition of subsidiary)	339,432,796	438,189,391
	<u>1,800,432,523</u>	<u>1,550,183,345</u>
Closing stock		
Work-in-progress	1,352,192,258	1,460,999,727
Finished goods	737,234,959	325,563,848
	<u>2,089,427,217</u>	<u>1,786,563,575</u>
	<u>(288,994,694)</u>	<u>(236,380,230)</u>
	<u>17,739,577,998</u>	<u>18,288,909,185</u>
SCHEDULE 20 : PAYMENTS AND BENEFITS TO EMPLOYEES		
Salaries, wages and bonus	2,279,457,202	1,833,500,520
Payment under Voluntary Retirement Schemes	11,267,236	-
Contribution to provident fund and E.S.I.	223,284,151	147,850,681
Gratuity	42,532,849	23,066,251
Welfare expenses	100,061,550	95,882,299
Pension benefits	7,378,196	(806,993)
	<u>2,663,981,184</u>	<u>2,099,492,758</u>

SCHEDULE TO THE CONSOLIDATED ACCOUNTS (CONTD.)

	2011 Rupees	2010 Rupees
SCHEDULE 21 : OPERATING AND OTHER EXPENSES		
Power & fuel	247,662,871	195,890,747
Repairs and maintenance		
Plant and machinery	109,406,276	109,066,396
Buildings	44,290,426	92,484,176
Rent	148,207,316	140,447,434
Rates and taxes	38,203,224	13,811,729
Travel and conveyance	387,617,443	349,474,360
Postage and telephone	85,515,939	102,091,512
Insurance	178,814,202	166,925,630
Directors' sitting fees	1,192,000	1,104,850
Directors' remuneration	64,844,445	101,976,008
Royalties and fees	52,188,539	56,479,572
Cash discount	137,165,726	75,475,631
Freight and forwarding charges	418,544,382	376,435,701
Brokerage and commission	244,222,686	265,325,830
Advertisements and publicity	163,683,078	275,499,563
Product Warranty	71,785,827	68,614,035
Excise duty paid	6,710,186	13,687,668
Bank charges	154,673,818	182,839,239
Loss on sale/disposal of fixed assets	107,703,438	1,049,433
Loss on disposal of investments	–	123,535
Bad debts written off	153,516,260	20,319,232
Provision for doubtful debts and advances	99,864,227	81,793,710
Advances written off	14,745,000	–
Provision for decline in value of investments	–	49,483
Donations	11,680,309	19,524,852
Investment written off	1,474,120	500,000
Preliminary expenses written off	320,840	221,124
Loss on transfer of subsidiary companies	14,663,343	162,686,840
Other miscellaneous expenses	831,696,252	861,785,031
	<u>3,790,392,173</u>	<u>3,735,683,321</u>
SCHEDULE 22 : INTEREST		
Interest		
On fixed loans and debentures	102,921,998	133,308,121
On other loans	267,550,135	321,509,906
	<u>370,472,133</u>	<u>454,818,027</u>
SCHEDULE 23 : PROVISION FOR TAX		
Income tax for the year		
Current	658,944,914	748,827,475
Deferred	(37,890,966)	37,065,765
Adjustments for earlier year/s	(1,496,338)	59,364
	<u>619,557,610</u>	<u>785,952,604</u>

SCHEDULE 24 : NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS**A ACCOUNTING POLICIES****1. Principals of Consolidation**

- (i) The consolidated financial statements relate to Kirloskar Brothers Limited (KBL) and
- a) its majority owned subsidiary companies, consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group transactions and the unrealised profit/ losses on intra-group transactions, and are presented to the extent possible, in the manner as the Company's independent financial statements.

The names of the subsidiary companies, Country of Incorporation, Proportion of Ownership Interest and reporting dates considered in the Consolidated Financial Statements are:

Name of the Company	Country of Incorporation	Proportion of Ownership Interest of KBL	Reporting Date
Kirloskar Constructions and Engineers Ltd	India	100%	31st March, 2011
SPP Pumps Ltd. (Consolidated Financial Statements)@	United Kingdom	100%	Up to 15th February, 2010
Gondwana Engineers Ltd.	India	100%	31st March, 2011
Kirloskar Brothers International B.V (Consolidated Financial Statements)	The Netherlands	100%	31st December, 2010
The Kolhapur Steel Limited	India	95.95%	31st March, 2011
Kirloskar Brothers (Thailand) Ltd.	Thailand	100%	31st December, 2010
Hematic Motors Pvt. Ltd. (Consolidated Financial Statements)@@	India	100%	31st March, 2011
Pressmatic Electrostampings Pvt. Ltd. @@	India	100%	Up to 28th December, 2010
Quadromatic Engineering Pvt. Ltd. @@	India	100%	Up to 28th December, 2010
Kirloskar Corrocoat Pvt. Ltd.	India	65%	31st March, 2011
Kirloskar Systech Ltd. @@@ (From 9 th August, 2010)	India	100%	31st March, 2011

@ On February 15, 2010, Kirloskar Brothers Limited (KBL) has sold the entire shares held in its wholly owned subsidiary company, SPP Pumps Ltd. (SPP), to its wholly owned subsidiary based in the Netherlands, namely Kirloskar Brothers International B.V. (KBIBV).

@@ On December 28, 2010, KBL has sold the entire shares held in its wholly owned subsidiary companies, namely, Pressmatic Electro Stampings Pvt. Ltd. & Quadromatic Engineering Pvt. Ltd. to its wholly owned subsidiary i.e. Hematic Motors Pvt. Ltd. (refer note B-12 with regard to scheme of amalgamation).

@@@ On August 9, 2010 Company has formed a wholly owned subsidiary company namely Kirloskar Systech Ltd., primarily engaged in system engineering, designing, and support services.

The excess of cost to the company of its investment in the subsidiary company over the parents' portion of equity is recognised in the consolidated financial statements as goodwill. The excess of company's share of equity of the subsidiary company over the cost of acquisition is treated as capital reserve.

- b) its jointly controlled joint venture company by using proportionate consolidation method which means the consolidated Balance Sheet of KBL includes its share of assets that it controls jointly and its share of liabilities for which it is jointly responsible and the consolidated statement of Profit & Loss of KBL includes its share of the income and expenses of its joint venture company. Under this method, separate line items of KBL's share of the assets, liabilities, income and expenses of joint venture company are included in its consolidated financial statements.

SCHEDULE 24 : NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (CONTD.)

The jointly controlled joint venture company considered in the consolidated financial statements is :

Name of the Company	Country of Incorporation	Proportion of Ownership Interest of KBL
Kirloskar Ebara Pumps Limited	India	45%

Share of the assets and liabilities of the above joint venture company considered for proportionate consolidation :

Rs.

Particulars	Kirloskar Ebara Pumps Ltd.
Sources of Funds	
Reserves & Surplus	511,424,945
Secured Loans	53,456,562
Un-secured Loans	7,250,354
Deferred Tax (Net)	16,348,163
Application of Funds	
Fixed Assets	258,690,074
Intangible Assets	2,367,794
Investments	40,912,475
Current Assets	498,592,453
Current Liabilities	209,832,774
Net Current Assets	288,759,679

Share of the income and expenses of the above joint venture company considered for proportionate consolidation :

Rs.

Particulars	Kirloskar Ebara Pumps Ltd.
Income	
Sales and Other Income	563,888,852
Expenditure	
Materials consumed	309,465,481
Payments and benefits to employees	44,611,973
Operating and other expenses	75,352,187
Interest	653,920
Depreciation and amortization	17,748,540
Provision for Tax	38,314,381

SCHEDULE 24 : NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (CONTD.)**2 Other Accounting Policies :**

- a) They are set out in the notes to accounts of the parent company – Kirloskar Brothers Limited.
- b) The financial statements of all Indian subsidiaries, and joint venture company have been prepared to comply in all material respects with The Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 and those of the foreign subsidiaries have been prepared in compliance with the local laws and applicable Accounting Standards.
- c) Foreign Currency Transactions

The operations of the foreign subsidiary are not considered as an intergral part of the operations of the parent company. Hence, all monetary and non monetary assets and liabilities have been translated at the exchange rate prevailing as on 31st March 2011.

Income and expenditure have been translated at the average rate of the exchange prevailing for the financial year. Gains and losses arising out of the translation are carried to "Foreign Exchange Translation Reserve."

3 Accounting policies other than those adopted by the parent company for the consolidated financial statements -**I Subsidiary Companies****a) Gondwana Engineers Ltd.:****i) Depreciation:**

Depreciation on fixed assets is provided on Written Down Value method as against Straight Line Method followed by the Parent Company. The proportion of such depreciation in the consolidated statement is 0.30% (0.31%).

b) Hematic Motors Pvt. Ltd. (Consolidated)

- i) Depreciation on fixed assets is provided on Written Down Value method as against Straight Line Method followed by the Parent Company. The proportion of such depreciation in the consolidated statement is 7.74% (3.53%).
- ii) Finished goods, work in Progress, raw materials, stores, spare and tools are valued at 'Cost or Net Realisable value whichever is lower', by using FIFO method as against the weighted average method followed by the parent company. The proportion of such inventory in the consolidated statement is 8.48% (6.57%).

c) Kirloskar Corrocoat Pvt. Ltd.

Preliminary expenses are amortized on straight line method over period of ten years

d) Kirloskar Constructions and Engineers Ltd.

Impairment of Assets : The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

e) Kirloskar Brothers International BV

Goodwill is amortised over a period of 20 years.

II Joint Venture Company**Kirloskar Ebara Pumps Limited**

Work in Progress, raw materials, stores, spare and tools are valued at 'Cost' as against 'Cost or Net Realisable value whichever is lower', followed by the parent company. The proportion of such inventory in the consolidated statement is 6.52% (3.73%).

SCHEDULE 24 : NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (CONTD.)

B OTHER NOTES

1. The figures for the year ended March 31st, 2011 are not comparable with that of the previous year as the current year's figures :

- I) Include results of the operations of Kirloskar Brothers (Thailand) Ltd. from 1st October, 2009 to 31st December, 2010 as against the period from 1st October, 2008 to 30th September 2009 in the previous year.
- II) Include results of the operations of Hematic Motors Pvt. Ltd., Pressmatic Electrostampings Pvt. Ltd. and Quadromatic Engineering Pvt. Ltd. as subsidiary companies for the full financial year as against as associate companies from 1st April 2009 to 11th November 2009, and as subsidiary companies from 12th November 2009 to 31st March, 2010 in the previous year.
- III) Include results of the operations of Kirloskar Corrocoat Pvt. Ltd. as subsidiary company for the full financial year as against joint venture company from 1st April 2009 to 11th November 2009, and as subsidiary company from 12th November 2009 to 31st March, 2010, in the previous year.
- IV) Include results of the operations of Micawber 784 (Proprietary) Ltd. and Braybar Pumps (Proprietary) Ltd. as subsidiary companies from 26th April, 2010 and 29th April, 2010 respectively to 31st December 2010.
- V) Include results of the operations of Kirloskar Systech Ltd. subsidiary company from 9th August, 2010 to 31st March 2011.

2. The effect of acquisition and formation of subsidiary companies:

- I) Formation of Kirloskar Systech Ltd. and acquisition of Micawber 784 (Proprietary) Ltd. and Braybar Pumps (Proprietary) Ltd. an increase of Rs. 3,226,204/- (Previous year Rs. 433,318,625/-) in the financial position as on 31st March, 2011 as compared to 31st March, 2010.
- II) An increase of Rs. 1,771,344/- (Previous year Rs. 35,426,898/-) in group profit net of minority interest for the year ended on 31st March 2011 as compared to the year ended on 31st March 2010.

3 Contingent liabilities not provided for in respect of :

	2011 Rupees	2010 Rupees
a) Guarantees:		
By the company to ICICI Bank Ltd. on behalf of SPP Pumps Ltd. (GBP 7,000,000 (GBP 3,500,000))	506,170,000	239,540,000
By the company to Barclays Bank Ltd. on behalf of SPP Pumps Ltd. (GBP 4,000,000)	289,240,000	273,760,000
By the company to Citi Bank N.A. on behalf of SPP Pumps Ltd. (GBP 8,000,000)	578,480,000	547,520,000
By the company to Indian Overseas Bank Ltd. on behalf of Kirloskar Constructions and Engineers Ltd.	800,000,000	800,000,000
By the company to Bank of Maharashtra on behalf of Gondwana Engineers Limited	82,500,000	145,000,000
By the company to Citi Bank N.A. on behalf of Kirloskar Brothers (Thailand) Ltd, (USD 1,000,000 (500,000))	44,820,000	22,640,000
b) Central Excise (Matter Subjudice)	38,353,226	31,719,618
c) Sales Tax (Matter Subjudice)	91,771,224	89,377,579
d) Income Tax (Matter Subjudice)	861,935,476	523,194,350
e) Labour Matters (Matter Subjudice)	46,245,009	37,474,843
f) Other Legal Cases (Matter Subjudice)	596,608,635	586,386,252
g) Letters of Credit Outstanding	3,273,937,870	2,201,793,248

SCHEDULE 24 : NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (CONTD.)

	2011 Rupees	2010 Rupees
4. Estimated amount of contracts remaining to be executed on capital account and not provided for	95,196,001	99,560,004
5. Construction Contracts:		
a) Contract revenue recognised as revenue for the year ended 31st March 2011	9,720,919,138	11,820,847,444
b) The aggregate amount of contract costs incurred and recognised profits less recognised losses upto 31st March 2011	64,528,795,310	44,856,296,836
c) Amount of advances received as on 31st March 2011 for contracts in progress	1,312,091,451	1,500,973,831
d) Amount of retentions as on 31st March 2011 for contracts in progress	1,010,623,905	723,975,163

6. Related Party Disclosures

(A) Names of the related party and nature of relationship where control exists

Sr. No.	Name of the related party	Nature of relationship	Effective Date
1	Kirloskar Constructions and Engineers Ltd.	Subsidiary Company	
2	Gondwana Engineers Ltd.	Subsidiary Company	
3	The Kolhapur Steel Ltd.	Subsidiary Company	
4	Kirloskar Systech Ltd.	Subsidiary Company	from 09.08.2010
5	Hematic Motors Pvt. Ltd.	Subsidiary Company	
6	Quadromatic Engineering Pvt. Ltd.	Subsidiary Company	Up to 28.12.2010
7	Pressmatic Electro Stampings Pvt. Ltd.	Subsidiary Company	Up to 28.12.2010
8	Kirloskar Corrocoat Pvt. Ltd.	Subsidiary Company	
9	Ila Electricals Pvt. Ltd.	Subsidiary of Hematic Motors Pvt. Ltd	
10	Vakasa Electricals Pvt. Ltd.	Subsidiary of Hematic Motors Pvt. Ltd	
11	Moreshwar Electricals Pvt. Ltd.	Subsidiary of Hematic Motors Pvt. Ltd	
12	SPP Pumps Ltd.	Subsidiary of Kirloskar Brothers International B.V.	
13	SPP Pumps France EURL	Subsidiary of SPP Pumps Ltd.	
14	Certified Engines Ltd.	Subsidiary of SPP Pumps Ltd.	
15	SPP (SouthAfrica) Pty. Ltd.	Subsidiary of SPP Pumps Ltd.	
16	SPP Pumps Holdings LLC	Subsidiary of SPP Pumps Ltd.	
17	SPP Pumps Management LLC	Subsidiary of SPP Pumps Ltd.	
18	SPP Pumps LP	Subsidiary of SPP Pumps Ltd.	
19	SPP France SAS	Subsidiary of SPP Pumps Ltd.	
20	Kirloskar Brothers International B. V.	Subsidiary Company	
21	Kirloskar Brothers Europe B.V.	Subsidiary of Kirloskar Brothers International B.V.	
22	Micawber 784 (Proprietary) Ltd.	Subsidiary of Kirloskar Brothers International B.V.	from 26.04.2010
23	Braybar Pumps (Proprietary) Ltd.	Subsidiary of Micawber 784 (Proprietary) Ltd.	from 29.04.2010
24	Kirloskar Brothers (Thailand) Ltd.	Subsidiary Company	Up to 31.12.2010

SCHEDULE 24 : NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (CONTD.)

(B) Disclosure of related party transactions

Rupees

Sr. No.	Nature of transaction/relationship/major parties	2010-2011		2009-2010	
		Amount	Amount for Major parties*	Amount	Amount for Major parties*
1	Purchase of goods & services				
	Enterprises over which key management personnel or their relatives exercise significant influence	19,405,483		18,676,592	
	Pradhan Engineering Enterprises Pvt. Ltd.		14,148,319		12,714,001
	Shrirang Industries		1,539,834		1,055,621
	Shree Enterprises		377,491		340,757
	Niksan Agro Tech India Pvt. Ltd.		3,339,839		3,201,469
	Fellow Subsidiary Companies	–		156,186,470	
	Hematic Motors Private Limited		–		154,422,268
	Associates & Joint Ventures	3,425,794		37,654,547	
	Kirloskar Corrocoat Private Limited		–		22,690,705
Kirloskar Ebara Pumps Limited		3,425,794		–	
TOTAL	22,831,277		212,517,609		
2	Sale of goods/contract revenue & services				
	Enterprises over which key management personnel or their relatives exercise significant influence	21,543,711		18,819,411	
	Pradhan Engineering Enterprises Pvt. Ltd.		21,543,711		18,618,977
	Fellow Subsidiary Companies	–		114,891	
	Associates & Joint Ventures	74,530		1,850,466	
Kirloskar Corrocoat Private Limited		–		1,850,466	
TOTAL	21,618,241		20,784,768		
3	Rendering Services				
	Enterprises over which key management personnel or their relatives exercise significant influence	–		111,330	
	Associates & Joint Ventures	5,387,727		13,038,943	
	Kirloskar Corrocoat Private Limited		–		7,659,612
	Kirloskar Ebara Pumps Limited		5,387,727		5,379,331
TOTAL	5,387,727		13,150,273		

SCHEDULE 24 : NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (CONTD.)

Rupees

Sr. No.	Nature of transaction/relationship/major parties	2010-2011		2009-2010	
		Amount	Amount for Major parties*	Amount	Amount for Major parties*
4	Receiving Services				
	Fellow Subsidiary Companies	–		1,234,439	
	Kirloskar Systems Limited		–		880,050
	Hematic Motors Private Limited		–		354,389
	Associates & Joint Ventures	–		392,000	
	Key Management Personnel	645,000		600,000	
	Mr. Sanjay Kirloskar		645,000		600,000
	Relatives of Key Management Personnel	2,793,900		2,500,000	
	Mrs. Pratima Kirloskar		1,533,900		1,250,000
	Mrs. Vijayalaxmi Srivastava		600,000		600,000
	Mrs. Asha J. Sapre		600,000		600,000
	Enterprises over which key management personnel or their relatives exercise significant influence	–		867,533	
	Kirloskar Systems Ltd.		–		769,950
	TOTAL	3,438,900		5,593,972	
5	Purchase of Shares				
	Key Management Personnel	–		562,031,505	
	Mr. Sanjay Kirloskar		–		562,031,505
	TOTAL	–		562,031,505	
6	Royalty Paid				
	Fellow Subsidiary Companies	–		12,402,510	
	Kirloskar Proprietary Limited		–		12,402,510
	Enterprises over which key management personnel or their relatives exercise significant influence	53,369,230		39,253,992	
	Kirloskar Proprietary Limited		53,369,230		39,253,992
	TOTAL	53,369,230		51,656,502	

SCHEDULE 24 : NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (CONTD.)

Rupees

Sr. No.	Nature of transaction/relationship/major parties	2010-2011		2009-2010	
		Amount	Amount for Major parties*	Amount	Amount for Major parties*
7	Dividend paid				
	Holding Company	–		106,414,684	
	Better Value Holdings Private Limited		–		106,414,684
	Fellow Subsidiary Companies	–		210,000	
	Enterprises over which key management personnel or their relatives exercise significant influence	–		105,000	
	Key Management Personnel	82,945,040		2,612,608	
	Mr. Sanjay Kirloskar		82,928,540		2,417,310
	Relatives of Key Management Personnel	98,671,227		124,200	
	Mrs. Pratima Kirloskar		76,312,500		–
	TOTAL	181,616,267		109,466,492	
8	Dividend received				
	Fellow Subsidiary Companies	–		1,047,200	
	Hematic Motors Private Limited		–		1,047,200
	Joint Ventures	15,750,000		22,000,000	
	Kirloskar Ebara Pumps Limited		15,750,000		15,750,000
	Kirloskar Corrocoat Pvt. Ltd.		–		6,250,000
	Enterprises over which key management personnel or their relatives exercise significant influence	100		–	
	TOTAL	15,750,100		23,047,200	
9	Interest Paid				
	Fellow Subsidiary Companies	–		2,060,274	
	Hematic Motors Private Limited		–		2,060,274
	TOTAL	–		2,060,274	
10	Remuneration Paid				
	Key Management Personnel	61,337,945		104,713,439	
	Mr. Sanjay Kirloskar		29,787,117		34,644,382
	Mr. Vikram Kirloskar		–		34,646,405
	Mr. R. K. Srivastava		10,224,529		11,348,259
	Mr. J. R. Sapre		12,450,299		11,771,527
	Relatives of Key Management Personnel	1,108,123		1,600,766	
	TOTAL	62,446,068		106,314,205	

SCHEDULE 24 : NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (CONTD.)

Rupees

Sr. No.	Nature of transaction/relationship/major parties	2010-2011		2009-2010	
		Amount	Amount for Major parties*	Amount	Amount for Major parties*
11	Security deposit Paid Relatives of Key Management Personnel Mrs. Pratima Kirloskar	–	–	1,700,000	1,700,000
	TOTAL	–		1,700,000	
12	Repayment of Inter Corporate Deposit Fellow Subsidiary Companies Hematic Motors Private Limited	–	–	40,000,000	40,000,000
	TOTAL	–		40,000,000	
13	Advances written off Enterprises over which key management personnel or their relatives exercise significant influence Pradhan Engineering Enterprises Pvt. Ltd.	14,745,000	14,745,000	–	–
	TOTAL	14,745,000		–	
14	Reimbursement of Expenses Associates & Joint Ventures Kirloskar Corrocoat Private Limited	–	–	19,005	19,005
	Enterprises over which key managerial personnel or their relatives exercise significant influence Kirloskar Proprietary Limited	595,357	595,357	–	–
	TOTAL	595,357		19,005	
15	Security Deposit Refund Key Management Personnel Mr. Sanjay Kirloskar	–	–	1,700,000	1,700,000
	TOTAL	–		1,700,000	

* "Major parties" denote entities who account for 10% or more of the aggregate for that category of transactions.

SCHEDULE 24 : NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (CONTD.)

(C) Amount due to/from related parties

Rupees

Sr. No.	Nature of transaction/relationship/major parties	2010-2011		2009-2010	
		Amount	Amount for Major parties*	Amount	Amount for Major parties*
1	Accounts receivable				
	Associates & Joint Ventures	–		1,294,328	
	Kirloskar Ebara Pumps Limited		–		1,294,328
	Key Management Personnel	1,700,000		1,700,000	
	Mr. Sanjay Kirloskar		1,700,000		1,700,000
	Relatives of Key Management Personnel	3,400,000		3,400,000	
	Mrs. Pratima Kirloskar		3,400,000		3,400,000
	TOTAL	5,100,000		6,394,328	
2	Amount Due				
	Enterprises over which key management personnel or their relatives exercise significant influence	14,374,566		13,863,128	
	Kirloskar Proprietary Limited		14,374,566		13,863,128
	Key Management Personnel	34,000,000		60,205,479	
	Mr. Sanjay Kirloskar		20,000,000		25,000,000
	Mr. Vikram Kirloskar		–		20,205,479
	Mr. J. R. Sapre		8,000,000		8,000,000
	Mr. R. K. Shrivastava		6,000,000		7,000,000
	Relatives of Key Management Personnel	360,000		–	
	TOTAL	48,734,566		74,068,607	

* "Major parties" denote entities who account for 10% or more of the aggregate for that category of transaction.

SCHEDULE 24 : NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (CONTD.)**(D) Names of Related Parties with whom transactions have been entered into:**

1) Joint Ventures	Kirloskar Ebara Pumps Ltd.	
2) Key Management Personnel	Mr. Sanjay Kirloskar Mr. R. K. Srivastava Mr. J. R. Sapre Mr. H. S. Gune Mr. Ganesh K. Iyer Mr. Surendra Mehta Mr. Souman Sanyal	
3) Relatives of Key Management Personnel	Mrs. Pratima Kirloskar Mr. Alok Kirloskar Mrs. Suman Kirloskar Mr. Atul Kirloskar Mr. Rahul Kirloskar Mrs. Vijayalaxmi Srivastava Mrs. Asha J. Sapre Ms. Preeti Sapre	Wife of Mr. Sanjay Kirloskar Son of Mr. Sanjay Kirloskar Mother of Mr. Sanjay Kirloskar Brother of Mr. Sanjay Kirloskar Brother of Mr. Sanjay Kirloskar Wife of Mr. R. K. Srivastava Wife of Mr. J. R. Sapre Daughter of Mr. J. R. Sapre
4) Jointly controlled operations	HCC – KBL Joint Venture KBL – MCCL Joint Venture KCCPL – IHP – BRC – TAIPPL – KBL JV IVRCL – KBL JV Maytas – KBL JV Larsen & Toubro – KBL JV KBL – MEIL – KCCPL JV KBL – PLR JV KBL – Koya – VA Tech JV KBL – PIL Consortium Larsen & Toubro – KBL – Maytas JV IVRCL – KBL – MEIL JV Pioneer – Avantica – ZVS – KBL JV AMR – Maytas – KBL – WEG JV Indu – Shrinivasa Constructions – KBL – WEG JV MEIL – KBL – IVRCL JV MEIL – Maytas – KBL JV KCCPL – TAIPPL – KBL JV KBL – SPML JV MEIL – KBL JV KIRLOSKAR – MEMWPL JV	
5) Enterprises over which key managerial personnel or their relatives exercise significant influence	Kirloskar Proprietary Ltd. Pradhan Engineering Enterprises Pvt. Ltd. Niksan Agro Tech India Pvt. Ltd. Shrirang Industries Shree Enterprises	

SCHEDULE 24 : NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (CONTD.)

7. Earning per Share (Basic and Diluted)	2011	2010
I - Basic	Rupees	Rupees
Profit for the year before tax	1,589,742,758	1,913,655,867
Less : Attributable tax thereto	619,557,610	785,952,604
Profit after tax	970,185,148	1,127,703,263
Weighted average number of equity shares used as denominator	79,334,524	79,254,516
Basic earning per share of nominal value of Rs 2/- each	12.23	14.23
II - Diluted		
Profit for the year before tax	1,589,742,758	1,913,655,867
Less : Attributable tax thereto	619,557,610	785,952,604
Profit after tax	970,185,148	1,127,703,263
Weighted average number of equity shares	79,334,524	79,254,516
Add : Weighted average number of potential equity shares on account of Employee stock option	1,239	-
Weighted average number of equity shares used as denominator	79,335,763	79,254,516
Diluted earning per share of nominal value of Rs 2/- each	12.23	14.23

8. Particulars related to Joint Ventures :

List of Joint Ventures

Name of the Joint Venture	Description	Country of Incorporation
Kirloskar Ebara Pumps Ltd.	Jointly controlled entity	India
HCC – KBL Joint Venture	Jointly controlled operations	India
KBL – MCCL Joint Venture	Jointly controlled operations	India
KCCPL – IHP – BRC – TAIPL – KBL JV	Jointly controlled operations	India
IVRCL – KBL JV	Jointly controlled operations	India
Maytas – KBL JV	Jointly controlled operations	India
Larsen & Toubro – KBL JV	Jointly controlled operations	India
KBL – MEIL – KCCPL JV	Jointly controlled operations	India
KBL – PLR JV	Jointly controlled operations	India
KBL – Koya – VA Tech JV	Jointly controlled operations	India
KBL – PIL Consortium	Jointly controlled operations	India
Larsen & Toubro – KBL – Maytas JV	Jointly controlled operations	India
IVRCL – KBL – MEIL JV	Jointly controlled operations	India
Pioneer – Avantica – ZVS – KBL JV	Jointly controlled operations	India
AMR – Maytas – KBL – WEG JV	Jointly controlled operations	India
Indu – Shrinivasa Constructions – KBL – WEG JV	Jointly controlled operations	India
MEIL – KBL – IVRCL JV	Jointly controlled operations	India
MEIL – Maytas – KBL JV	Jointly controlled operations	India
KCCPL – TAIPL – KBL JV	Jointly controlled operations	India
KBL – SPML JV	Jointly controlled operations	India
MEIL – KBL JV	Jointly controlled operations	India
KIRLOSKAR – MEMWPL JV	Jointly controlled operations	India
Aban – Coastal Joint Venture	Jointly controlled operations	India
Asian Techs Ltd. – ABCI Infrastructures (P) Ltd	Jointly controlled operations	India

SCHEDULE 24 : NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (CONTD.)

9. The Company has acquired 90% shares in Braybar Pumps (Proprietary) Ltd,(Braybar) based in South Africa, on April 29, 2010 through its Wholly Owned Subsidiary – Kirloskar Brothers International B. V., Netherlands (KBI BV). This acquisition has been effected through a Special Purpose Vehicle – Micawber 784 (Proprietary) Limited (Micawber).
As a result, KBL is the main holding company of KBI BV, which is the holding company of Micawber, which is the holding company of Braybar.
10. In terms of the Scheme of Arrangement and in accordance with the Honorable Bombay High Court orders dated April 23, 2010, 7,500 equity shares of Rs.2/- each were issued by the Board of Directors on April 26, 2010 against earlier 10,000 equity shares of Rs. 2/- each, kept in abeyance. Further, in terms of the Employee Stock Option Scheme, Company has allotted 7,685 equity shares during the year 2010–11. As a result, the present issued and subscribed & paid-up equity share capital of the company is at Rs. 158,676,902 consisting of 79,338,451 equity shares of Rs. 2/- each.
11. On August 9, 2010 Company has formed a wholly owned subsidiary company namely Kirloskar Systech Ltd, primarily engaged in system engineering, designing, and support services.
12. On December 28, 2010 Company has disposed off its 100% shares of the wholly owned subsidiary companies, namely, Pressmatic Electro Stampings Pvt. Ltd. & Quadromatic Engineering Pvt. Ltd. to its other wholly owned subsidiary i.e. Hematic Motors Pvt. Ltd.
Scheme of Amalgamation (Scheme) of Pressmatic Electro Stampings Private Limited and Quadromatic Engineering Private Limited (the “Transferor Companies”) with Hematic Motors Private Limited (the “Transferee Company”) and their respective shareholders was approved by the Honorable High Court of Judicature at Bombay vide order dated April 8, 2011. The said scheme is effective from April 25, 2011 however, in terms of the scheme it is operative from the Appointed date, January 1, 2011.
13. On January 1, 2011 Kirloskar Brothers Ltd (KBL) has sold the shares held in its Wholly Owned Subsidiary, Kirloskar Brothers (Thailand) Limited (KBTL) to its other Wholly Owned Subsidiary based in the Netherlands, Kirloskar Brothers International B.V (KBI BV). However, due to the negative valuation of KBTL shares, KBL has transferred the shares at nil value and accounted for the loss on the transfer. Since the reporting date of both KBTL and KBIBV is 31st December, 2010, the loss recognized in the stand alone financial statements of KBL of Rs. 1,388,251/- is not considered in the consolidated financial statements.
14. The figures have been regrouped / rearranged wherever necessary. Figures in the bracket relate to previous year.

SCHEDULE 24 : NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (CONTD.)

15 Segment Information in respect of KBL and its Subsidiaries and Joint Venture Companies

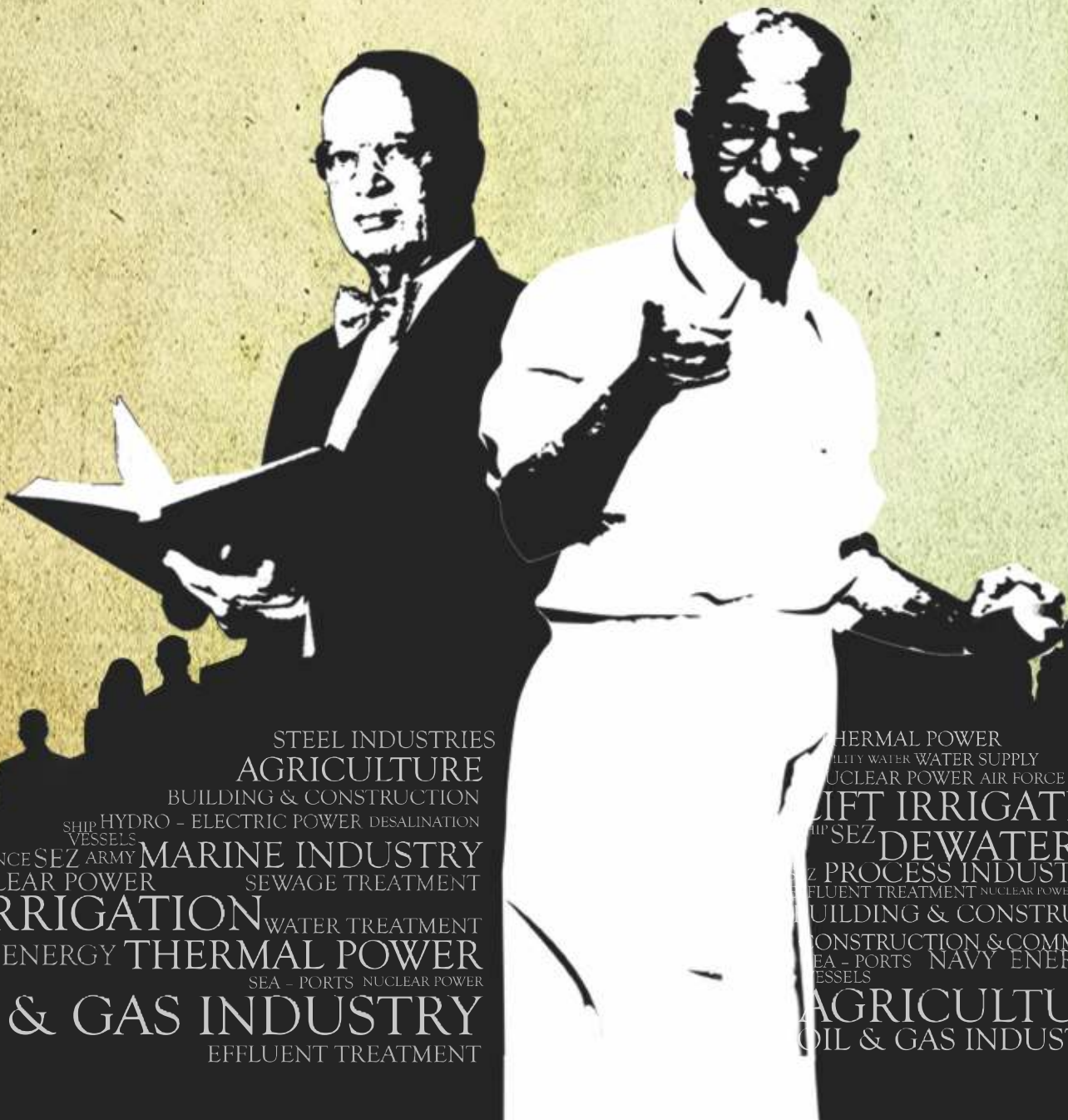
Rupees

(A) Primary Segments - Business Segments	Pumps	Others	Eliminations	Total
a) Segment Revenue				
Sales to External Customers	23,290,831,716	3,125,685,550	–	26,416,517,266
	(24,440,160,771)	(2,149,045,025)	(–)	(26,589,205,796)
Inter Segment Revenue	–	216,181,522	216,181,522	–
	(–)	(131,235,577)	(131,235,577)	(–)
Total Segment Revenue	23,290,831,716	3,341,867,072	216,181,522	26,416,517,266
	(24,440,160,771)	(2,280,280,602)	(131,235,577)	(26,589,205,796)
b) Segment Result	2,735,143,918	512,375,255	–	3,247,519,173
	(2,542,918,130)	(316,675,451)	(–)	(2,859,593,581)
Less :				
I) Interest				370,472,133
				(454,818,027)
II) Unallocable Corporate expenditure (net of other income)				1,281,634,327
				(552,737,218)
Add :				
I) Income from Investments				16,258,336
				(66,077,561)
Total Profit Before Tax				1,611,671,049
				(1,918,115,897)
Less : Provision for Tax				657,448,576
				(748,886,839)
Less : Deferred Tax				(37,890,966)
				(37,065,765)
Net Profit				992,113,439
				(1,132,163,293)
c) Segment Assets	18,620,112,326	2,690,137,812	–	21,310,250,138
	(18,912,500,216)	(4,197,199,019)	(–)	(23,109,699,235)
Unallocable Corporate Assets				4,111,590,968
				(2,111,383,213)
Total				25,421,841,106
				(25,221,082,448)
d) Segment Liabilities	11,025,052,733	2,137,500,827	–	13,162,553,560
	(10,553,129,895)	(3,068,691,636)	(–)	(13,621,821,531)
Unallocable Corporate Liabilities				3,708,848,872
				(3,682,229,824)
Total				16,871,402,432
				(17,304,051,355)
e) Cost Incurred during the period to acquire Segment Fixed Assets	488,943,220	84,850,661		
	(390,767,557)	(131,226,868)		
f) Depreciation / Amortisation/Impairment	232,045,250	155,530,694		
	(242,633,211)	(76,470,434)		
g) Non Cash Expenses other than Depreciation / Amortisation	81,786,931	193,868,126		
	(71,160,804)	(11,982,891)		

Rupees

B) Secondary Segment -	Domestic	Export	Total
a) Segment Revenue Geographic Segment by location of customer	21,725,887,433	4,690,629,833	26,416,517,266
	(21,873,715,672)	(4,715,490,124)	(26,589,205,796)
b) Carrying Amount of Segment Assets by location of assets	24,793,226,211	628,614,895	25,421,841,106
	(24,527,745,100)	(693,337,348)	(25,221,082,448)
c) Cost Incurred during the period to acquire Segment Fixed Assets	560,915,352	12,878,529	573,793,881
	(503,431,941)	(18,562,483)	(521,994,424)

VISION NEVER AGES
IT LASTS FOR AGES



STEEL INDUSTRIES
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IRRIGATION WATER TREATMENT
NAVY ENERGY THERMAL POWER
SEA - PORTS NUCLEAR POWER
OIL & GAS INDUSTRY
EFFLUENT TREATMENT

THERMAL POWER
UTILITY WATER WATER SUPPLY
NUCLEAR POWER AIR FORCE VESSELS
LIFT IRRIGATION
SHIP SEZ DEWATERING
SEZ PROCESS INDUSTRY
EFFLUENT TREATMENT NUCLEAR POWER
BUILDING & CONSTRUCTION
CONSTRUCTION & COMMERCIAL
SEA - PORTS NAVY ENERGY
VESSELS
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OIL & GAS INDUSTRY



Enriching Lives

KIRLOSKAR BROTHERS LIMITED

Regd. Office: Udyog Bhavan, Tilak Road, Pune - 411 002, INDIA.

Tel.: +91 (20) 2444 0770. Fax: +91 (20) 2440 2083.

E-mail: kblin@kbl.co.in | Website: www.kbl.co.in



Enriching Lives

KIRLOSKAR BROTHERS LIMITED

Registered Office : Udyog Bhavan, Tilak Road, Pune - 411 002

NOTICE

NOTICE is hereby given that the 91st Annual General Meeting of the Members of **KIRLOSKAR BROTHERS LIMITED** will be held at "Yamuna" Survey No. 98 (3-7) Baner, Pune – 411 045 on Saturday, the 23rd day of July, 2011 at 11.00 a. m. to transact the following business :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors' Report, Audited Balance Sheet as at March 31, 2011 and Profit and Loss Account of the Company for the year ended on that date and the Auditors' Report thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mrs. Lalita D. Gupte, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Mr. P.S. Jawadekar, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Rahul C. Kirloskar, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

7. To consider and if thought fit, to pass with or without modification/s, the following resolution as an **ORDINARY RESOLUTION.**

"RESOLVED THAT pursuant to Section 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 and as per the provisions of schedule XIII to the said Act and subject to such other approvals as may be required, the consent of the Members be and is hereby accorded for the re-appointment of Mr. R. K. Srivastava as a Whole Time Director of the Company for a period upto May 31, 2012 with effect from September 19, 2010 to perform the duties as may be delegated by the Board of Directors from time to time, subject to overall supervision, control and direction of the Board of Directors and upon the other terms and conditions as set out in the Agreement to be entered into between the Company and Mr. R. K. Srivastava and on the remuneration set out below :-

Salary :

Rs.200,000/- (Rupees Two Lacs only) per month.

Perquisites :

- a) Fully furnished / unfurnished residential accommodation. Where no accommodation is provided by the Company, suitable house rent allowance in lieu thereof may be paid.
The expenses on furnishings upto Rs.15,000/- per month, gas, electricity, water and other utilities and repairs, if any, shall be borne by the Company.
- b) Reimbursement of all medical expenses incurred for self and family.
- c) Leave travel assistance for self and family as per Company Rules.

- d) Fees of clubs, subject to a maximum of two clubs, which will include admission fee but will not include life membership fees.
- e) Personal accident insurance, premium whereof does not exceed Rs.25,000/- per annum.
- f) A car with driver for official and personal purpose.
- g) Telephone and fax facilities at residence.
- h) Contribution to provident fund, superannuation fund or annuity fund.
- i) Gratuity at the rate not exceeding 15 days salary for each completed year of service as Whole Time Director, and
- j) Leave at the rate of one month for every eleven months of service. Leave not availed of may be encashed at the end of the tenure.

“Family” for the above purpose means the spouse, dependent children and dependent parents of the Whole Time Director.

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

Commission :

Commission shall be decided by the Board of Directors based on the net profits of the Company each year subject to the condition that the aggregate remuneration of the Whole Time Director shall not exceed the limit laid down under the Section 309 of the Companies Act, 1956.

Minimum Remuneration :

In the event of loss or inadequacy of profits in any financial year during the currency of his tenure as Whole Time Director, the payment of salary, perquisites and other allowances shall stand reduced to the limit prescribed in Schedule XIII of the Companies Act, 1956, as minimum remuneration, subject to other restrictions etc. from time to time.

The Whole Time Director so long as he functions as such, shall not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to revise from time to time during the tenure of the present appointment of Mr. R. K. Srivastava, the remuneration payable to him as Whole Time Director, subject to ceiling laid down in Sections 198, 309 and Schedule XIII to the Companies Act, 1956 without further approval of the Members of the Company but with such other approvals, sanctions or permission, if any, required for such revision in the remuneration.

8. To consider and if thought fit, to pass with or without modification/s, the following resolution as an **ORDINARY RESOLUTION**.

“RESOLVED THAT pursuant to Section 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 and as per the provisions of schedule XIII to the said Act and subject to such other approvals as may be required, the consent of the Members be and is hereby accorded for the re-appointment of Mr. Sanjay C. Kirloskar as the Managing Director of the Company for a period of 5 (Five) years with effect from November 19, 2010 to perform the duties as may be delegated by the Board of Directors from time to time, subject to overall supervision, control and direction of the Board of Directors and upon the terms and conditions as set out in the Agreement to be entered into between the Company and Mr. Sanjay C. Kirloskar and on the remuneration set out below :-

Salary :

Rs. 540,000/- (Rupees Five Lacs Forty Thousand only) per month.

Perquisites :

- a) Fully furnished/unfurnished residential accommodation. Where no accommodation is provided by the Company, suitable House Rent Allowance in lieu thereof may be paid.
The expenses on furnishings, gas, electricity, water and other utilities and repairs, if any, shall be borne by the Company.

- b) Reimbursement of all medical expenses incurred for self and family.
- c) Leave Travel Assistance for self and family as per Company rules.
- d) Fees of clubs which will include admission and life membership fees.
- e) Personal accident insurance, premium whereof does not exceed Rs.25,000/- per annum.
- f) Provision of service staff at residence.
- g) A car with driver for official and personal purpose.
- h) Telephone and fax facilities at residence.
- i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund.
- j) Gratuity at the rate not exceeding 30 days salary for each completed year of service, and
- k) Leave at the rate of one month for every eleven months of service. Leave not availed of may be encashed.

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

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

Commission :

Commission shall be decided by the Board of Directors based on the net profits of the Company for each year subject to the condition that the aggregate remuneration of the Managing Director shall not exceed the limit laid down under Section 309 of the Companies Act, 1956.

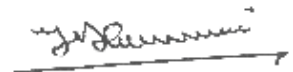
Minimum Remuneration:

In the event of loss or inadequacy of profits in any financial year during the currency of his tenure as Managing Director, the payment of salary, perquisites and other allowances shall stand reduced to the limit prescribed in Schedule XIII of the Companies Act, 1956, as minimum remuneration, subject to other restrictions etc. from time to time.

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

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to revise from time to time during the tenure of the present appointment of Mr. Sanjay C. Kirloskar, the remuneration payable to him as Managing Director, subject to ceiling laid down in Sections 198, 309 and Schedule XIII to the Companies Act, 1956 without further approval of the Members of the Company but with such other approvals, sanctions or permissions, if any, required for such revision in the remuneration.

**By order of the Board of Directors,
For KIRLOSKAR BROTHERS LIMITED,**



**G.P. KULKARNI
Vice President & Head - Legal
and Company Secretary**

Pune : April 26, 2011

NOTES

1. **A MEMBER OF THE COMPANY ENTITLED TO ATTEND AND VOTE AT THE SAID MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Pursuant to Section 173 of the Companies Act, 1956, explanatory statement in respect of Item Nos. 7–8 above is annexed.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, July 16, 2011 to Saturday, July 23, 2011 (Both days inclusive).
4. The payment of dividend, upon declaration by the members at the forthcoming Annual General Meeting will be made on or before August 17, 2011, to all those beneficial owners holding shares in electronic form, as per the ownership data made available to the Company by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as of end-of-the-day on Friday, July 15, 2011 and to all those Members holding shares in physical form, after giving effect to all the valid share transfers lodged with the Company/Registrar and Transfer Agent i.e. Link Intime India Private Limited, on or before the closing hours on Friday, July 15, 2011.
5. To avoid loss of dividend warrants in transit and delay in receipt of dividend warrants, the Company provides the facility of National Electronic Clearing Service (NECS) to all members holding shares in electronic and physical forms. This facility is available for the certain select cities.

Members who wish to avail the ECS facility are requested to inform their bank account details, in the prescribed form, with the Registrar and Transfer Agent on or before the closing hours on Friday, July 15, 2011.

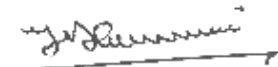
6. Pursuant to Sections 205A & 205C of the Companies Act, 1956, any money transferred to the unpaid dividend account, which remains unpaid or unclaimed for a period of 7 years from the date of such transfer, shall be transferred by the Company to a fund called “Investor Education and Protection Fund”, set up by the Central Government. Accordingly, the unclaimed dividend for the financial year 2002–03 and an interim Dividend for the financial year 2003–04, have been transferred to the Investor Education and Protection Fund. The unpaid/ unclaimed final dividend for the financial years 2003–04 onwards will become transferable at the end of seven years from the respective dates of transfer of such amount to the unclaimed dividend accounts of the Company to the said Investor Education and Protection Fund and no claims shall lie against the Fund or the Company in respect of individual amounts thereafter. The details of the same are given below :

Year	Type of dividend	Dividend in Rs. per share	Date of declaration	Due Date of transfer to the IEPF Account
2003 - 04	Final	10	20-Jul-04	August, 2011
2004 - 05	Interim	10	25-Oct-04	December, 2011
2004 - 05	Final	20	16-Jul-05	August, 2012
With effect from August 18, 2005, equity shares sub-divided from Rs.10/- to Rs.2/- each				
2005 - 06	Interim	2	31-Jan-06	March, 2013
2005 - 06	Final	2	21-Jul-06	August, 2013
2006 - 07	Interim	2	18-Jan-07	February, 2014
2006 - 07	Final	2	20-Jul-07	August, 2014
2007 - 08	Final	4	18-Jul-08	August, 2015
2008 - 09	Final	2	17-Jul-09	August, 2016
2009 - 10	Final	5.50	27-Jul-10	August, 2017

Members are, therefore, requested to check and send their claims, if any, for the relevant financial years from 2003–04 onwards before the respective amounts become due for transfer to the above Fund.

7. The documents relating to the items of Special Business are available for inspection by the Members of the Company at its Registered Office between 11.00 a.m. to 1.00 p.m. on any working day of the Company.
8. In case members wish to ask for any information about accounts or operations of the Company, they are requested to send their queries, in writing, at least 7 days before the date of the meeting, so that the information can be made available at the time of the meeting.
9. Members of the Company and / or their proxies only will be allowed to attend the Annual General Meeting. Before entering the Meeting Hall, Members and / or Proxies are requested to sign the admission slip in the prescribed form and leave it at the counter.
Members are requested to bring their Folio No. / Client Id and DP Id for easy identification.
10. Since Company's shares are in compulsory dematerialised trading, to ensure better Investor service and elimination of risk of holding shares in physical form, it is requested that the members holding shares in physical form to get their shares dematerialised at the earliest.
11. Members having multiple folios are requested to intimate to the Company / Link Intime India Private Limited, such folios, to consolidate all shareholdings into one folio.
12. Members who hold shares in physical form are requested to advise the Company or Link Intime India Private Limited (Registrar & Transfer Agent of the Company) immediately of any change in their addresses alongwith necessary proof for identity and change in residential address.
13. Members may note that pursuant to the capital reduction in terms of the Scheme of Arrangement, Members holding original share certificate/s, desiring to continue to hold KBL new equity shares in the physical form, were issued new share certificates in lieu of the original KBL share certificate/s. Therefore, members are advised that they should deface the existing share certificates in order to safeguard their interests against any misuse; as such certificates would be null and void from the Record Date and can not be dealt with in the market.
14. The Company has appointed M/s Link Intime India Private Limited as its Registrar and Transfer Agent. Therefore, all correspondence relating to transfer and transmission of shares, issue of duplicate share certificates, change of address, dematerialisation of shares, payment of dividend etc. will be attended to and processed at the office of the Registrar and Transfer Agent at the following address:-
Link Intime India Private Limited,
(Unit: Kirloskar Brothers Limited),
Block No. 202, 2nd Floor, Akshay Complex,
Near Ganesh Temple, Off Dhole Patil Road,
Pune – 411 001
Tel. No. (020) 26053503
Fax No. (020) 26051629
Email : pune@linkintime.co.in
As per the SEBI Circular dated May 20, 2009, it has been clarified that for securities market transactions and off-market / private transactions involving transfer of shares in physical form, it shall be mandatory for the transferee(s) to furnish copy of PAN Card to the Company / Registrar and Transfer Agent for registration of such transfer of shares, which investors please note.
15. As regards re-appointments of retiring directors viz. Mrs. Lalita D. Gupte, Mr. P.S. Jawadekar and Mr. Rahul C. Kirloskar referred to in item Nos. 3, 4, and 5 of the notice, their respective shareholding in the Company is : Mrs. Lalita D. Gupte - Nil, Mr. P.S. Jawadekar – 1000 (0.001%) and Mr. Rahul C. Kirloskar – 404501 (0.510%). Further, their respective brief resumes including shareholding have been given in the report on Corporate Governance, which forms part of the Directors' Report and members are advised to refer the same.

**By order of the Board of Directors,
For KIRLOSKAR BROTHERS LIMITED,**



**G.P. KULKARNI
Vice President & Head - Legal
and Company Secretary**

Pune : April 26, 2011

ANNEXURE TO THE NOTICE OF 91ST ANNUAL GENERAL MEETING

Explanatory statement as required under section 173 of the Companies Act, 1956.

Item No. 7 of the Notice

Mr. R. K. Srivastava was appointed as Whole Time Director of the Company for a period of five years with effect from September 18, 2005 upto September 18, 2010. Subject to approval of members, the Board of Directors of the Company at its meeting held on July 27, 2010, approved, on recommendation from the Remuneration Committee, the re-appointment of Mr. R. K. Srivastava as Whole Time Director of the Company with effect from September 19, 2010 for the period upto May 31, 2012 on terms and conditions set out.

Mr. Rameshkumar Durgaprasad Srivastava (64) is overall incharge of projects business of the Company. He also looks after Research and Engineering Division, Corporate Quality Assurance and Corporate Global Procurement. He is a Post Graduate in Fluid Power from Indian Institute of Technology, Powai, Mumbai. He has attended various special courses conducted by re-knowned institutions. He has achieved many awards in his career viz. Life Time Achievement Award (UNESCO & Water Digest), Golden Peacock Award, Marico Innovation Award, Inertia Award – 2007, National Award for Excellence in Energy Management by CII and Innovation Award for reducing the submergence for VT Pumps (US Patent). His contribution in introducing various hi-tech products viz. Canned Motor Pumps, Sodium Pumps and Concrete Volute Pumps has been acclaimed by various institutions. He has been associated with many professional bodies viz. CII, ASME, BIS, IPMA, ITF, etc. He has presented a variety of papers at many national and international conferences. His two books have been published on pumps. Before joining the Company he had worked in Jyoti Limited as Product Development Manager and Worthington Pumps as General Manager (Technical). He has been with the Company for over 22 years and has successfully handled projects and engineered pumps division of the Company.

Mr. R. K. Srivastava is a Director in the following other companies:

Kirloskar Constructions and Engineers Limited, The Kolhapur Steel Limited, Gondwana Engineers Limited, Kirloskar Systech Limited, Kirloskar Corrocoat Private Limited

He is holding 3000 (0.004%) Equity Shares of Rs. 2/- each of the Company. He is not related to any other director on the Board of the Company.

Considering the above, the approval of Members is solicited for the re-appointment of Mr. R. K. Srivastava as a Whole Time Director and payment of remuneration.

None of the Directors except Mr. R. K. Srivastava, is concerned or interested in this resolution.

Item No. 8 of the Notice

Mr. Sanjay C. Kirloskar was appointed as the Managing Director of the Company for a period of five years with effect from November 19, 2005 upto November 18, 2010. Subject to approval of members, the Board of Directors of the Company at its meeting held on October 28, 2010, approved, on recommendation from the Remuneration Committee, the re-appointment of Mr. Sanjay C. Kirloskar as Managing Director of the Company for a period of five years with effect from November 19, 2010 on terms and conditions set out.

Mr. Sanjay Chandrakant Kirloskar (54) did his graduation in Mechanical Engineering from Illinois Institute of Technology, Chicago, U.S.A. He underwent practical training in a number of Kirloskar Group Companies. He held the positions of Vice President Operations at Kirloskarvadi factory and Executive Vice President of the company. Mr. Sanjay Kirloskar is presently the Chairman and Managing Director of Kirloskar Brothers Limited.

Mr. Sanjay C. Kirloskar is a Director in the following other companies:

Kirloskar Ebara Pumps Limited, Kirloskar Ferrous Industries Limited, Kirloskar Pneumatic Company Limited, Kirloskar Constructions and Engineers Limited, Kulkarni Power Tools Limited, Kirloskar Proprietary Limited, Prakar Investments Private Limited, Asara Sales & Investments Private Limited, Kirloskar Kenya Limited,

Kenya, SPP Pumps Limited, England, Kirloskar Brothers International B.V., Netherlands,

He is an Executive Committee member of Mahratta Chamber of Commerce of Industries & Agriculture, Pune.

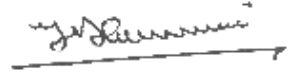
He is a member of Investors' Grievance Committee of the Company.

He is holding 15156631 (19.104%) - [14177038 (17.869%) in the individual capacity and 979593 (1.235%) as a trustee] Equity Shares of Rs. 2/- each of the Company. He is a brother of Mr. Rahul C. Kirloskar, Director.

Taking into consideration the progress made by the Company under the leadership of Mr. Sanjay C. Kirloskar as a Managing Director, the approval of Members is solicited for the re-appointment of Mr. Sanjay C. Kirloskar as Managing Director and for payment of remuneration.

None of the Directors except Mr. Sanjay C. Kirloskar and Mr. Rahul C. Kirloskar, who is a brother of Mr. Sanjay C. Kirloskar, is concerned or interested in this resolution.

**By order of the Board of Directors,
For KIRLOSKAR BROTHERS LIMITED,**



**G.P. KULKARNI
Vice President & Head - Legal
and Company Secretary**

Pune : April 26, 2011

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KIRLOSKAR BROTHERS LIMITED

Registered Office : Udyog Bhavan, Tilak Road, Pune - 411 002

Dear Shareholders,

Sub : Transport arrangements for Annual General Meeting to be held on July 23, 2011

As you are aware, the Annual General Meeting (AGM) of the company is scheduled to be held on Saturday, July 23, 2011 at 11.00 a.m. at our Corporate Office at "Yamuna", Survey No. 98 (3-7), Baner, Pune 411 045.

The corporate office is situated about 20 kms. away from the Company's Registered office at Udyog Bhavan, Tilak Road, Pune 411 002.

In order to facilitate the shareholders to attend the said AGM, we have made special bus arrangements. This facility will be provided from the Registered Office at Udyog Bhavan to the Corporate Office and back to Udyog Bhavan after completion of meeting.

Shareholders who wish to avail this facility are requested to register their names before July 15, 2011 through letter or at following e-mail id/ phone :

E-mail Id : grievance.redressal@kbl.co.in Phone No : (020) 27211029 / 30

On July 23, 2011, such shareholders should report at Udyog Bhavan alongwith this circular duly filled in and signed at 9.45 a.m. The bus would start at 10.00 a.m. sharp for Corporate Office.

Kindly note that only registered shareholders and proxies will be permitted to avail of this facility. Entry to family members, children and/or friends of the shareholders/proxies will not be permitted.

Thanking you,

Yours faithfully,

For **KIRLOSKAR BROTHERS LIMITED**

G. P. Kulkarni

**Vice President & Head - Legal
and Company Secretary**

Pune : April 26, 2011

(to be filled in and handed over, while boarding)

Name/s of shareholder/s

Folio No./DP ID & Client ID

Signature/s

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ATTENDANCE SLIP

KIRLOSKAR BROTHERS LIMITED

Registered Office :
Udyog Bhavan, Tilak Road, Pune - 411 002

DP. Id*	
Client Id*	
Reg. Folio No.	

*Applicable, if shares are held in electronic form

No. of Shares

**91st Annual General Meeting on
July 23, 2011 at 11.00 a. m.**

Full name :

I certify that I am a registered member / proxy for the registered member of the Company.

I hereby record my presence at the 91st Annual General Meeting of the Company at "Yamuna", Survey No. 98 (3-7) Baner, Pune - 411 045 on Saturday, the 23rd day of July, 2011 at 11.00 a. m.

Member's / Proxy's Signature :

Member's / Proxy's full name :

(In Block Letters)

Note: Please fill in this attendance slip and hand it over at the entrance of the meeting hall.

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PROXY FORM

KIRLOSKAR BROTHERS LIMITED

Registered Office :
Udyog Bhavan, Tilak Road, Pune - 411 002

DP. Id*	
Client Id*	
Reg. Folio No.	

*Applicable, if shares are held in electronic form

No. of Shares

I/We

of in the district of

being Member/Members of Kirloskar Brothers Limited, Udyog Bhavan, Tilak Road, Pune - 411 002

do hereby appoint of in the

district of or failing him/her

..... of in the district of

..... as my/our proxy in my/our absence to attend and vote for me/us,

and on my/our behalf at the 91st Annual General Meeting of the Company to be held at "Yamuna", Survey

No. 98 (3-7) Baner, Pune-411045 on Saturday, the 23rd day of July, 2011 at 11.00 a. m. and at any

adjournment/s thereof.

Signed on this day of 2011.

Please affix

Signature

Revenue Stamp

Note : The Proxy, in order to be effective, should be completed, duly signed, stamped and must be deposited at the Registered Office of the Company, not less than 48 hours before the time for holding the meeting.

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Enriching Lives

KIRLOSKAR BROTHERS LIMITED

Registered Office : Udyog Bhavan, Tilak Road, Pune - 411 002

Dear Shareholder,

Subject : Green Initiative - Registration of E-mail address

This is to inform you that as a part of "Green Initiative in the Corporate Governance", the Ministry of Corporate Affairs vide its circular Nos.17/2011 and 18/2011 dated 21.04.2011 and 29.04.2011, respectively; has permitted the Companies to serve the documents viz. Notice of General Meeting, Balance Sheet, Profit & Loss Account, Auditors' Report, Directors' Report etc. to the members through e-mail.

In order to support this "Green Initiative", we are pleased to serve the above referred documents to you through e-mail.

We expect your absolute participation in the initiatives and therefore, request you to register your e-mail address and / or changes therein from time to time with the company's Registrar and Transfer Agent – Link Intime India Private Limited at kblgogreen@linkintime.co.in, in case your shares are in physical mode or with the concerned depository, in case your shares are in demat mode. In order to register your e-mail address with the company, kindly forward such request to the company's Registrar and Transfer Agent – Link Intime India Private Limited, with your folio No., detailed name and address; duly signed as per specimen recorded with us. This is required for verification purpose before registration of your e-mail. You may use format appearing on the reverse for such communication.

Kindly note that the full text of these documents will also be available on the Company's website : www.kbl.co.in and at the Registered Office of the Company.

In case your e-mail address has not been registered for receiving the Balance Sheet etc. through e-mail, the same will be sent to you in physical form, as has been done this time.

In any case, on your specific request with detailed Name, Address and Folio/DPID/Client ID, physical copies of above documents will be sent to you, free of cost.

This time for your convenience, the Annual Report 2010-11 of the company has been sent to you alongwith this appeal, in physical form. However, efforts have also been made to forward these documents by e-mail to certain shareholders, whose e-mail addresses are available with the concerned depositories.

We expect your whole-hearted support to this "Green Initiative" and participation in the movement by providing your e-mail address immediately either to the company's Registrar and Transfer Agent at Link Intime India Private Limited, Unit : Kirloskar Brothers Limited, Akshay Complex, Block No.202, Near Ganesh Temple, Off Dhole Patil Road, Pune 411 001 E-mail : kblgogreen@linkintime.co.in or to the concerned depository, for its successful implementation.

Thanking you and assuring you of our best attention at all times.

Yours faithfully,

For Kirloskar Brothers Limited,

G.P. KULKARNI
Vice President & Head - Legal
and Company Secretary

Pune : June 15, 2011

(Format of application to register email address)

**From : Name & address of shareholder
(IN CAPITALS)**

Link Intime India Private Limited
Unit : Kirloskar Brothers Limited
Akshay Complex, Block No.202,
Near Ganesh Temple,
Off Dhole Patil Road,
Pune 411 001

E-mail ID _____

Date _____

Dear Sir,

Subject : Application to register e-mail address

Folio No. :

As a part of "Green Initiative in the Corporate Governance", by the Ministry of Corporate Affairs vide its circular Nos.17/2011 and 18/2011 dated 21.04.2011 and 29.04.2011, respectively; I/we hereby accord my/our approval to receive the documents viz. Notice of General Meeting, Balance Sheet, Profit & Loss Account, Auditors' Report, Directors' Report etc. as the members of Kirloskar Brothers Limited, through e-mail.

We request you to note our latest e-mail address, as above, on which you can forward such documents in e-form. I/we attach the Self Attested copy of PAN card / Passport towards identification proof, separately, for each one of us, for the purpose of verification.

Thanking you,

Yours faithfully,

Signature of 1st shareholder Name :	Signature of 2nd shareholder Name :	Signature of 3rd shareholder Name :
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Encl : As above

(To register E-mail ID with the company, shareholders can send scanned copy of this application duly filled in and signed to company's Registrar and Transfer Agent – Link Intime India Private Limited at kblgogreen@linkintime.co.in)