



Enriching Lives

**KIRLOSKAR INDUSTRIES LIMITED**

ANNUAL REPORT 2011 - 2012

*Invisible yet Omnipresent*



At Kirloskar we believe in working silently yet relentlessly towards one definite goal- Enriching Lives. You may not spot us easily, but we are always around you, fulfilling your every need. Be it the power that lights up your world, the fluids that flow in numerous industries, water that quenches thirst, the engines that power innumerable equipments, gensets that provide critical back-up power, compressors that help CNG reach to millions and refrigeration that preserves food. Kirloskar works silently and reliably to make sure your life is hassle-free. And, in our inconspicuous presence lies, our true commitment to engineering that enriches your lives.



Annual Report for the year ended on 31 March 2012

**BOARD OF DIRECTORS**

Mr. Atul C. Kirloskar	Chairman
Ms. Aditi Chirmule	Executive Director & Company Secretary (w.e.f. 25 January 2012)
Mr. A. N. Alawani	Director
Mr. Nihal G. Kulkarni	Managing Director (upto 25 January 2012)
Mr. Vikram S. Kirloskar	Director
Mr. S. N. Inamdar	Director
Mr. A. R. Sathe	Director
Mr. V. K. Bajhal	Director
Ms. Gauri Kirloskar	Additional Director (appointed w.e.f. 26 April 2012)

**AUDITORS**

M/s G. D. Apte & Co., Chartered Accountants

**BANKERS**

HDFC Bank Limited

**REGISTRAR & SHARE TRANSFER AGENT**

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

**REGISTERED OFFICE**

13/A, Karve Road, Kothrud, Pune 411 038  
Tel.: +91 (20) 2545 2721  
Fax: +91 (20) 2545 4723  
E mail: investorrelations@kirloskar.com  
Website: www.kirloskar.com

**LOCATION OF WINDMILLS**

Tirade Village, Tal. - Akole, Dist. - Ahmednagar

<b>Information for shareholders</b>	<b>Contents</b>	<b>Page No.</b>
Annual General Meeting	Decade at a Glance	02
Day & Date : Wednesday, 25 July 2012	Directors' Report	03
Time : 11.00 a.m.	Report on Corporate Governance	07
Venue : S.M. Joshi Socialist Foundation ( S.M. Joshi Hall) S. No. 191/192, Navi Peth, Near Ganjave Chowk, Pune 411 030	Auditor's Report	18
Proposed Dividend : 40% (₹ 4/- per share of ₹10/- each)	Balance Sheet	21
Date of Book Closure : 18 July 2012 to 25 July 2012 (both days inclusive)	Statement of Profit & Loss	22
	Cash Flow Statement	23
	Notes to the Accounts	25

## Decade at a glance

(₹ in Millions)

Sr. No.	Particulars	2011-12	2010-11	2009-10*	2008 -09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
1	Net Sales	138	41	47	21,100	21,564	18,830	13,953	11,486	10,025	8,639
2	Profit Before Tax	692	602	422	1,805	1,874	2,395	2,460	2,013	1,056	383
3	Profit After Tax	675	553	387	1,159	1,190	1,784	2,006	1,739	708	415
4	Dividend Amount	39	24	***291	194	388	388	388	243	194	97
5	Dividend (%)	40	25	***75	50	100	200	200	125	100	50
6	Earning Per Share (₹)**	69	57	40	6	6	18	21	18	7	4
7	Book Value Per Share (₹)**	612	548	493	49	47	88	74	58	43	38
8	Share Capital	97	97	97	388	388	194	194	194	194	194
9	Reserves and Surplus	5,844	5,215	4,689	9,212	8,762	8,319	6,990	5,427	3,963	3,476
10	Shareholders' Funds	5,941	5,312	4,786	9,601	9,150	8,513	7,184	5,621	4,157	3,670
11	Loan Funds	-	-	-	3,490	3,429	1,063	670	517	297	370
12	Total Capital Employed	5,941	5,312	4,786	13,091	12,579	9,577	7,854	6,138	4,454	4,040
13	Gross Block	442	439	431	9,924	9,213	5,305	4,834	4,215	3,864	3,902
14	Net Block	237	265	288	6,730	7,109	3,322	1,922	1,447	1,295	1,414
15	Net Current Assets	560	581	299	1,959	1,003	1,245	1,030	974	1,195	914

\* The Engines and Auto – components Divisions of the Company have been transferred to Kirloskar Engines India Limited (KEIL) (now known as Kirloskar Oil Engines Limited) on 31st March 2010, under a Scheme of Arrangement, to vest in KEIL from the Appointed Date, i.e. 1 April 2009.

\*\* The equity share of ₹ 10/- each was sub-divided into 5 equity shares of ₹ 2/- each w.e.f. 18 August 2005. Previous years' figures have been reworked to make them comparable. Under the Scheme of Arrangement, after reduction of share capital in terms of said Scheme, 5 equity shares of ₹ 2/- each have been consolidated into 1 equity share of ₹ 10/- each.

\*\*\* Interim Dividend paid in February 2010.

## Directors' Report

To the Members,

The Directors have pleasure in presenting this Report with audited annual accounts of the Company for the year ending 31 March 2012.

### Financial Performance:

Particulars	2011-2012 ₹ (in lakhs)	2010-2011 ₹ (in lakhs)
Total Income	7,863.45	6,888.65
Total Expenditure	941.35	868.20
Profit before exceptional items & taxation	6,922.10	6,020.45
Profit before taxation	6,922.10	6,020.45
Provision for tax (including Deferred Tax)	176.50	486.88
Net Profit	6,745.60	5,533.57
Balance of Profit/(Loss) from previous year	21,385.83	16,687.71
Surplus available for appropriation	28,131.43	22,221.28

### Appropriations:

Your Directors propose to appropriate the available surplus as follows:

Particulars	₹ (in lakhs)	₹ (in lakhs)
Transfer to Reserve Fund in terms of section 45-IC of the Reserve Bank of India Act, 1934	1,349.12	-
Proposed Dividend	388.35	242.72
Tax on proposed dividend	63.00	39.37
Transfer to General Reserve	674.56	553.36
Balance carried to Balance Sheet	25,656.40	21,385.83

### Dividend:

Your Directors recommend a dividend of 40% (₹ 4/- per equity share of ₹ 10/- each) (previous year dividend was 25% i.e. ₹ 2.50 per equity share of ₹ 10/- each) for the financial year ended 31 March 2012.

### Classification of the Company as a Core Investment Company - Non Banking Financial Company (CIC NBFC):

Your Company is having financial assets which amount to more than 50% of its total assets and its financial income is also more than 50% of its gross income. In view of this, the Company becomes a Non Banking Financial Company (NBFC) as per the guidelines issued by the Reserve Bank of India (RBI) in this regard.

In terms of the Guidelines issued by the RBI for Core Investment Companies (CIC) your Company meets the parameters for being classified as a CIC NBFC and is exempt from registration with the RBI.

The Company has informed the RBI that based on Notification dated 5 January 2011, the Company fulfills the requirement of being classified as a CIC NBFC. The RBI instructed the Company to divest investments held by it outside the group companies (as defined by the Notification Number RBI/2010-11/354 DNBS (PD) CC. No. 206/03.10.001/2010-11 dated 05 January 2011). Accordingly, the Company has disposed off its investments held outside the group. The Company has intimated the same to the RBI.

---

## **Management Discussion and Analysis:**

### **Operations of the Company:**

#### **Windmills:**

The Company has seven windmills in Maharashtra with total installed capacity of 5.6 Mega Watt (MW). The Mills are located at Tirade Village, Tal- Akole, Dist. – Ahmednagar. The windmills have generated net wind energy of 97.67 lakhs units of electricity in the year under review as against 78.95 lakhs units of electricity in the previous year (23.7% increase over the previous year). The Company sells units of electricity generated, as per the permission received from the Maharashtra State Electricity Distribution Company Limited for such third party sale of units.

All the seven windmills have been registered with the National Load Despatch Centre (NLDC) through REC registry and are eligible for the Renewable Energy Certificates (REC) from 28 December 2011. During the year, the Company has sold 377 REC generated during the month of January 2012. This has resulted in additional revenue of ₹ 10.93 lakhs during the year. The Company is in process of obtaining REC for units generated in the month of February and March 2012.

The registration process under the Voluntary Carbon Standard has been completed and the Company is now eligible for sale of Voluntary Emission Reduction Certificates (VERs). During the year under review, VERs for electricity units generated for the period March 2007 – December 2008 have now been certified and the Company has accounted an amount of ₹ 3.71 lakh towards the sale of the said VERs. The Company is in the process of obtaining certification for the units generated during the balance period to date.

#### **Others:**

The Company owns lands and buildings thereon in respect of which it continues the lease and license arrangements entered into with Kirloskar Oil Engines Ltd. (KOEL) and other companies.

During the year under review, your Company made investment of ₹ 6,000.41 lakhs in equity shares of Kirloskar Oil Engines Limited (KOEL). Pursuant to the said investment, the Company's holding in KOEL is 2.93%.

During the year the Company also sold 5,51,209 equity shares in Kirloskar Brothers Investments Limited for ₹ 2,833.78 lakhs.

#### **Company Performance:**

During the year under review, your Company earned an income of ₹ 7,863 lakhs (previous year ₹ 6,889 lakhs).

The profit before tax is at ₹ 6,922 lakhs (previous year ₹ 6,020 lakhs) after providing for depreciation of ₹ 317 lakhs (previous year ₹ 305 lakhs).

#### **Human Resources:**

As on 31 March 2012, the Company has 7 employees on its roll, including the Executive Director & Company Secretary.

#### **Concerns and Threats:**

Following are the identified risk/ concerns and threats for the operations of the Company :

- Natural calamities like cyclones, earthquake and fire or act of God will damage the windmills.
- Agitation by the local people against the operation of windmills.
- Major maintenance due to failure of important components of the windmills.
- Disturbances and failure in the Maharashtra State Electricity Distribution Company Limited grid.

#### **Prospects:**

Wind energy generation is largely dependent on natural factors such as velocity of wind, continuity of the flow, etc. and therefore cannot be commented upon. However, in addition to unit generation, the Company's windmill project is now registered under the Renewable Energy Certificate Mechanism and Clean Development Mechanism benefits under the Voluntary Carbon Scheme (VCS). This is expected to result in additional monetary benefits from the sale of Renewable Energy Certificates (REC) and Verified Carbon Units (VCU).

**Internal Controls Systems and their adequacy:**

Renowned auditing firms continue to conduct the Internal Audits of the business of the Company. The internal audit program is designed to ensure extensive review of the business of the Company and is not restricted only to a review of finance and accounting functions. The Internal Auditors also check, validate and report on the internal controls in place in the areas covered during the audit.

**Cautionary Statement:**

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

**SEBI Regulations & Listing Fees:**

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

**Directors:**

Mr. Nihal Kulkarni resigned as Managing Director of the Company with effect from the close of business hours of 25 January 2012. However, he continues to be Non-Executive Director of the Company.

Pursuant to Section 260 of the Companies Act, 1956, read with Article 160 of the Articles of Association of the Company, the Board of Directors, in its meeting held on 25 January 2012, co-opted Ms. Aditi Chirmule as an Additional Director on the Board of the Company. She holds office of Director up to date of ensuing the Annual General Meeting of the Company. She is eligible for appointment.

The Board of Directors in its meeting held on 25 January 2012 has also appointed Ms. Aditi Chirmule as the Executive Director & Company Secretary of the Company, for a period of 5 years with effect from 25 January 2012. A proposal for her appointment as the Executive Director & Company Secretary and remuneration payable to her is being placed before the members for their approval at the ensuing Annual General Meeting.

Pursuant to Section 260 of the Companies Act, 1956, read with Article 160 of the Articles of Association of the Company, the Board of Directors, in its meeting held on 26 April 2012, co-opted Ms. Gauri Kirloskar as an Additional Director on the Board of the Company. She holds office of Director up to date of ensuing the Annual General Meeting of the Company. She is eligible for appointment.

Mr. Nihal Kulkarni and Mr. A. N. Alawani retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

The brief resumes and other details relating to the Directors who are proposed to be appointed/re-appointed, as required to be disclosed under Clause 49 of the Listing Agreement, form part of the Report on Corporate Governance.

**Directors' Responsibility Statement:**

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

- That in the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanation relating to material departures;
- That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- That the Directors have taken proper and sufficient care 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
- That the Directors have prepared the annual accounts on a going concern basis.

## Corporate Governance:

A report of the Corporate Governance, along with the certificate of compliance from the Auditors, forms part of the Annual Report.

## Auditors:

M/s. G. D. Apte & Co., Chartered Accountants, (Firm Registration Number 100515W), Pune, Statutory Auditors of the Company, retire at the ensuing Annual General Meeting, and are eligible for re-appointment. The requisite certificate as per Section 224(1B) of the Companies Act, 1956 has been received by the Company. The Audit Committee has recommended their re-appointment.

## Fixed / Public Deposit:

Your Company has not accepted any public deposits during the year.

## Statutory Disclosures:

### (A) Conservation of Energy and Technology Absorption

The Company has no particulars to report regarding conservation of energy, technology absorption as required under Section 217 (1) (e) of the Companies Act, 1956, read with the Rules thereunder.

### (B) Foreign Exchange Earnings and Outgo

i. Total Foreign exchange used	₹ Nil
ii. Total Foreign exchange earned	₹ 23,50,854.73

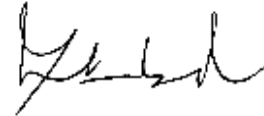
## Particulars of Employees:

Pursuant to the Central Government Notification dated 31 March 2011, the Company has no particulars as required under the provisions of sub-section (2A) of section 217 of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975.

## Acknowledgments:

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

For and on behalf of the Board of Directors



ATUL C. KIRLOS KAR  
Chairman

Place: Pune  
Date: 26 April 2012



## Report on Corporate Governance

(Pursuant to Clause 49 of the Listing Agreement)

### I. Company's philosophy on Code of Corporate Governance

The Company's philosophy of Corporate Governance aims at establishing and practicing a system of good corporate governance which will assist the management in managing the Company's business in an efficient and transparent manner towards fulfilling the corporate objectives and to meet the obligations and best subserve the interest of the stakeholders.

### II. Board of Directors

#### a. Composition of the Board

As on 31 March 2012, the strength of the Board was eight directors, comprising of one director being the Executive Director & Company Secretary and seven Non-Executive Directors. Four out of the eight Directors were Independent Directors, which duly complies with the requirement of Clause 49 of the Listing Agreement.

#### b. Number of Board Meetings

During the financial year under review, four Board Meetings were held on 26 April 2011, 22 July 2011, 19 October 2011, and 25 January 2012.

#### c. Directors' attendance record and directorships held

The information on composition and category of the Board of Directors as on 31 March 2012, attendance of each Director at Board Meetings held during the financial year 2011-2012 and the Annual General Meeting (AGM) held on 22 July 2011, directorships and committee positions in other public companies of which the Director is a Member/Chairman/Chairperson and the shareholding of Non-Executive Directors is as follows:

Sr. No.	Name of Director	No. of shares held by Non-Executive Directors	Number of Directorships held in other public limited companies	Number of Committee positions held in other public limited companies**		Attendance at meetings	
				Chairman/Chairperson	Member	Board	AGM
	<b>Executive Directors</b>						
1	Ms. Aditi Chirmule#	NA	2	1	1	1	Present\$
	<b>Non-Executive Directors</b>						
2	Mr. Atul C. Kirloskar*	@13,07,529	8	1	Nil	3	Absent
3	Mr. Vikram S. Kirloskar*	4,632	5	Nil	1	2	Present
4	Mr. Nihal G. Kulkarni*/###	Nil	3	Nil	3	4	Present
	<b>Independent and Non-Executive Directors</b>						
5	Mr. A. N. Alawani	2,285	6	1	3	4	Present
6	Mr. S. N. Inamdar	1,432	10	4	3	4	Present
7	Mr. A. R. Sathe	Nil	4	Nil	4	4	Present
8	Mr. V. K. Bajhal	Nil	Nil	Nil	Nil	4	Present

Notes:

- \* Deemed as Promoters within the meaning of Securities Exchange Board of India (SEBI) (Substantial Acquisition of Shares & Takeover) Regulations, 2011.
  - \*\* For this purpose only Audit and Investor's Grievance Committee of the Public Limited Companies are considered.
  - # Appointed as Executive Director & Company Secretary of the Company, for a period of 5 years with effect from 25 January 2012.
  - ## Resigned as Managing Director of the Company with effect from the close of the working hours of 25 January 2012. He continues as Non-Executive Director on the Board of the Company.
  - \$ Attended in the capacity of Company Secretary of the Company.
  - @ Mr. Atul C. Kirloskar has acquired 71 and 7,967 equity shares on 29 March 2012 and 30 March 2012 respectively. However, the said shares are not reflected in his holding mentioned above, since the actual credit of shares has taken place after 31st March 2012.
- Directorships in private limited companies, foreign companies and companies under Section 25 of the Companies Act, 1956 are excluded in the above table.
- As on 31 March 2012, none of the current Directors are related to each other within meaning of Section 6 of the Companies Act, 1956.

#### d. Information supplied to the Board

Among others, this includes:

- Review of Annual Operating Plans of business, capital budgets, updates;
- Quarterly results of the Company and its operating divisions or business segments;
- Material important show cause, demand, prosecution and penalty notices;
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
- Any material relevant default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company;
- Any issue, which involves possible public or product liability claims of substantial nature;
- Details of any joint venture or collaboration agreement;
- Significant labour problems and their proposed solutions;
- Significant development in human resources and industrial relation fronts;
- Non-compliance of any regulatory, statutory or listing requirements as well as shareholders service such as non-payment of dividend and delay in share transfer.

### III. Audit Committee

#### a. Composition

The Audit Committee comprises of four Non-Executive Directors, majority of who are Independent. The Company Secretary / Executive Director & Company Secretary acts as the Secretary of the Committee. The Head – Finance also attends the Audit Committee meetings. The representatives of the Internal Auditors, Statutory Auditors and Cost Auditors are invited to the meetings.

During the financial year under review, four meetings of the Committee were held on 26 April 2011, 22 July 2011, 19 October 2011 and 25 January 2012. The composition of the Committee and attendance at its meetings is given below:

Sr. No.	Name of the Member Director	Number of meetings attended
1.	Mr. Anil Alawani (Chairman) – Independent	4
2.	Mr. Nihal Kulkarni – Managing Director/Non-Executive Director \$	4
3.	Mr. S. N. Inamdar – Independent	4
4.	Mr. A. R. Sathe – Independent	4

\$ Resigned as Managing Director with effect from 25 January 2012 and continues as Non-Executive Director of the Company.

**b. Terms of Reference**

The terms of reference of the Audit Committee include the matters specified under Clause 49 II of the Listing Agreement entered into with the stock exchanges as well as those in Section 292A of the Companies Act, 1956 and inter-alia includes the following:

- Oversee the Company's financial reporting process and disclosures of financial information to ensure that the financial statement is sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow up there on.
- Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing the annual financial statements before submission to the Board, with particular reference to:
  - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause 2AA of section 217 of the Companies Act, 1956.
  - b) Changes, if any, in accounting policies and practices and reasons for the same.
  - c) Major accounting entries involving estimates based on the exercise of judgment by management.
  - d) Significant adjustments arising out of audit findings.
  - e) Compliance with listing and other legal requirements relating to financial statements.
  - f) Disclosure of any related party transactions.
  - g) Qualification in Draft Audit Report.
- Review Auditor's report, internal controls and recommendations relating thereto.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower mechanism, in case the same exists.
- To mandatorily review the following information:
  - a) Management discussion and analysis of financial condition and results of operations;
  - b) Statement of significant related party transactions submitted by the management;
  - c) Management letters / letters of internal control weaknesses issued by the statutory auditors;
  - d) Internal audit reports relating to internal control weaknesses; and
  - e) The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.
- Carrying out any other function as is mentioned in the terms of reference of Audit Committee as amended from time to time by the Listing Agreement and Companies Act, 1956.

#### IV. Remuneration Committee

##### a. Composition

The Company has not set up a Remuneration Committee. The Board of Directors decides the remuneration of the Managing Director/Executive Director in accordance with the provisions of the Companies Act, 1956, subject to the approval of the shareholders.

##### b. Remuneration to Directors

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) to its Managing Director/Executive Director. The Board also decides the commission payable to the Managing Director/Executive Director on determination of the profits for the Financial Year, within the ceilings prescribed under Sections 198 and 309 of the Companies Act, 1956.

The Board of Directors decides the remuneration to Non-Executive Directors by way of Commission, based on their attendance and contribution at the meetings. The members at the Annual General Meeting of the Company held on 22 July 2011, approved the payment of commission to the Non-Executive Directors, at the rate of 1% of the net profits of the Company computed in the manner laid down in Sections 349 and 350 of the Companies Act, 1956.

The sitting fee of ₹ 10,000 per meeting of the Board and any committee thereof, attended by the Non-Executive Directors is payable to them.

##### C. Details of the remuneration paid to Directors during Financial Year 2011-2012

Amount in ₹

Sr. No.	Name of Director	Basic Salary	Allowances	Perquisites	Sitting Fees	Commission	Total
	<b>Executive Directors</b>						
1.	Ms. Aditi Chirmule #	4,78,547	-	21,17,220	-	500,000	30,95,767
2.	Mr. Nihal G. Kulkarni ##	34,32,258	10,00,645	16,29,243	-	50,00,000	1,10,62,146
	<b>Non Executive Directors</b>						
3.	Mr. Atul C. Kirloskar	-	-	-	30,000	30,000	60,000
4.	Mr. Vikram S. Kirloskar	-	-	-	20,000	20,000	40,000
5.	Mr. Nihal G. Kulkarni ##	-	-	-	-	-	-
6.	Mr. V. K. Bajhal	-	-	-	40,000	40,000	80,000
7.	Mr. A. N. Alawani	-	-	-	90,000	90,000	180,000
8.	Mr. S. N. Inamdar	-	-	-	80,000	80,000	160,000
9.	Mr. A. R. Sathe	-	-	-	90,000	90,000	180,000
	<b>Total</b>	<b>39,10,805</b>	<b>10,00,645</b>	<b>37,46,463</b>	<b>3,50,000</b>	<b>58,50,000</b>	<b>1,48,57,913</b>

# Appointed as Executive Director & Company Secretary of the Company, for a period of 5 years with effect from 25 January 2012.

## Resigned as Managing Director of the Company with effect from the close of the working hours of 25 January 2012. He continues as Non-Executive Director on the Board of the Company.

##### Notes

- Allowances include House Rent Allowance.
- Perquisites include contributions to provident fund and superannuation fund, provision for gratuity and leave encashment and perquisite value as per Income-tax Rules for motorcar.

#### V. Share Transfer cum Shareholders' / Investors' Grievance Committee

The Share Transfer cum Shareholders' / Investors' Grievance Committee has been constituted to look into investors' complaints like transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividends etc., and redressal thereof. The Committee is headed by Mr. A. N. Alawani, an Independent Director, with Ms. Aditi Chirmule,

Executive Director & Company Secretary and Mr. A. R. Sathe being the other members of the Committee. Mr. Nihal Kulkarni was member of the Committee up to 25 January 2012. Ms. Aditi Chirmule was appointed as a member of the Committee with effect from 25 January 2012.

Ms. Aditi Chirmule, Executive Director & Company Secretary, is the Compliance Officer.

The Compliance Officer can be contacted at:

**Kirloskar Industries Limited**  
13/A, Karve Road, Kothrud,  
Pune - 411 038  
Tel: 020 25452721 Fax: 020 25454723  
E-mail: Aditi.Chirmule@kirloskar.com

The total numbers of complaints received and replied to the satisfaction of the shareholders during the year ended 31 March 2012 were 7 and there were no complaints outstanding as on 31 March 2012.

The Company had no share transfer requests pending as on 31 March 2012.

## VI. General Body Meetings

Previous General Meetings of the shareholders of the Company were held as under -

Financial Year	Date	Type of Meeting	Venue	Time
2010-11	22 July 2011	Annual General Meeting	S. M. Joshi Socialist Foundation (S. M. Joshi Hall), Navi Peth, Pune 411 030	2.00 p.m.
2009-10	28 July 2010	Annual General Meeting	Hotel Le Meridien, Raja Bahadur Mill Road, Pune 411 001	11.00 a.m.
2008-09	18 July 2009	Annual General Meeting	Kirloskar Kisan Premises, 13A, Karve Road, Kothrud, Pune 411 038	11.00 a.m.
2008-09	13 June 2009	Court convened Meeting of shareholders of the Company	Kirloskar Kisan Premises, 13A, Karve Road, Kothrud, Pune 411 038	9.30 a.m.

In the previous General Meetings, Special Resolutions were passed by the shareholders in respect of the following matters -

- Approval to the Scheme of Arrangement with corrected Schedule 'B', between Kirloskar Oil Engines Limited and Kirloskar Engines India Limited.
- Reduction and Consolidation of Share Capital.
- Authorising the Board of Directors of the Company to decide and pay the remuneration by way of commission to the Non-Executive Directors of the Company.

No special resolutions passed at the above Annual General Meetings were required to be passed through postal ballot.

## VII Disclosures

- During the financial year under review, there were no materially significant related party transactions made by the Company with its Promoters, Directors, Management or Subsidiaries that may have potential conflict with the interest of the Company at large. Transactions with the related parties are disclosed in Note no. 29 of the Accounts in the Annual Report.
- There have been no instances of non-compliance by the Company on any matters related to capital markets, during the last three years. Neither penalties have been imposed nor any strictures imposed on the Company by the Stock Exchanges, The Securities and Exchange Board of India (SEBI) or any other statutory authority, on any matter related to capital markets.
- The Company does not have a formal Whistle Blower policy. However, any employee, if he or she desires, would not be denied access to the Audit Committee.
- Disclosure under Clause 5A II of the Listing Agreement in respect of unclaimed shares:  
The Securities and Exchange Board of India (SEBI) vide its circular no. CIR/CFD/DIL/10/2010 dated 16 December 2010, inserted new Clause 5A II containing uniform procedure for dealing with unclaimed shares.

Pursuant to the said Clause, the Company had sent first reminder on 30 March 2011 to all those shareholders, whose shares remained unclaimed with the Company, requesting them to forward correct addresses to avoid transfer of such unclaimed shares to the "Unclaimed Suspense Account".

The Company had sent second reminder letter on 9 May 2011 to such shareholders, whose share certificates were in undelivered form and hence remained unclaimed, after sending first reminder, by requesting them to update correct details viz. postal addresses, PAN details etc. registered with the Company in order to avoid transfer of such unclaimed shares to the "Unclaimed Suspense Account."

The Company will be sending third reminder letter in due course. As on 31 March 2012, the total unclaimed equity shares were 43,272.

- e. As per Central Government Order (F. No. 52/26/CAB-2010), dated 2 May 2011, Cost Accounting Record Rules are applicable to the Company with effect from 1 April 2011.

With reference to 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, following are the details of Cost Auditor;

**Particulars of the Cost Auditor :**

Joshi Apte & Associates (Firm Registration No. 00204)  
 "CMA Pride", 1st Floor, Plot No. 6, S. No. 16/6,  
 Erandwana Co-op. Hsg. Soc., Erandwana,  
 Pune 411004.  
 E-mail : cma.joshi.apte@gmail.com

- f. The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement. The extent of adoption of non-mandatory requirements are as follows -

**Non-Mandatory Requirements:**

**1. Shareholder Rights**

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

**2. Audit qualifications**

There are no qualifications on the Financial Statements of the Company for the year ended 31 March 2012.

**VIII. Particulars of Appointment / Re-appointment of Non – Executive / Executive Directors**

**Mr. Nihal G. Kulkarni**

Mr. Nihal G. Kulkarni, A.B. in Economics from Brown University, USA, has over six years of experience in the areas of finance and investments. He has undergone extensive training with the Kirloskar Group, Toyota Motor Sales, USA and DSP Merrill Lynch. He was Vice President in Kirloskar Pneumatic Company Ltd up to 22 October 2010. He was the Managing Director of Kirloskar Industries Limited from 23 October 2010 up to 25 January 2012. He has been appointed as Managing Director of Kirloskar Oil Engines Ltd. with effect from 26 January 2012. He is the Vice Chairman and Director of G. G. Dandekar Machine Works Ltd. and also a Director on the Boards of Kirloskar Brothers Investments Ltd. and G. G. Dandekar Investment Pte. Ltd, a wholly owned subsidiary of G. G. Dandekar Machine Works Ltd., incorporated in Singapore.

Mr. Nihal G. Kulkarni is a Director in the following other companies:

G. G. Dandekar Machine Works Limited **/@	Kirloskar Oil Engines Limited
G. G. Dandekar Investments Pte. Ltd.	Kirloskar Brothers Investments Limited **

\*\* Audit Committee- Member

@ Share Transfer and Investor's Grievance Committee-Member

Mr. Nihal Kulkarni is not holding any equity shares of the Company.

He is not related to any other Director on the Board of the Company as per provisions of Section 6 of the Companies Act, 1956.

**Mr. A. N. Alawani**

Mr. Alawani is a Chartered Accountant by profession. He has work experience of over 30 years in Import, Export and Labour matters besides his core area of Finance, Taxation, Financial Restructuring and Company Law. His abilities in Corporate Tax Planning and Finance helped various organisations in which he was employed. He has retired as Director (Finance) from Kirloskar Oil Engines Limited on 31 August 2005.

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

Mr. A. N. Alawani is a Director in following other companies:

Kothrud Power Equipment Limited	Kirloskar Integrated Technologies Limited
Kirloskar Ferrous Industries Limited**/@	Kirloskar Oil Engines Limited
Kirloskar Brothers Limited@	Kirloskar Brothers Investments Limited*@

\*Audit Committee – Chairman

\*\* Audit Committee – Member

@Share Transfer and Investors' Grievance Committee – Member

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

Mr. A. N. Alawani is not related to any of the Directors on the Board of the Company as per provisions of Section 6 of the Companies Act, 1956.

**Ms. Aditi Chirmule**

Pursuant to Article 160 of the Articles of Association of the Company, the Board of Directors co-opted Ms. Aditi Chirmule as an Additional Director of the Company, with effect from 25 January 2012. The Board of Directors appointed Ms. Aditi Chirmule, who was serving the Company as Company Secretary, as the Executive Director & Company Secretary, for a period of 5 years from 25 January 2012 subject to the approval of shareholders.

Ms. Aditi Chirmule joined the Company in 1994 as Senior Officer. Ms. Aditi Chirmule, who is an Associate Member of the Institute of Company Secretaries of India, was elevated as Company Secretary of the Company.

She has been associated with the Kirloskar Group since late 1989 and has played a major role in internal and external restructuring of businesses and mergers, acquisitions and formation of joint ventures during her association with the Kirloskar Group.

Being an Additional Director, she holds office up to the date of this Annual General Meeting. As required by Section 257 of the Companies Act, 1956, the Company has received a notice along-with deposit from a member proposing the candidature of Ms. Aditi Chirmule for the office of Director of the Company.

The appointment and remuneration payable to Ms. Aditi Chirmule as Executive Director & Company Secretary is also subject to the approval of the shareholders as required by Schedule XIII to the Companies Act, 1956.

Ms. Aditi Chirmule is a Director in following other companies:

G. G. Dandekar Machine Works Limited @/**	Nashik Silk Industries Limited
G. G. Dandekar Investments Pte. Ltd.	

\*\* Audit Committee – Member

@Share Transfer and Investors' Grievance Committee – Chairperson

Ms. Aditi Chirmule is not holding any equity shares of the Company.

Ms. Aditi Chirmule is not related to any of the Directors on the Board of the Company as per provisions of Section 6 of the Companies Act, 1956.

## Means of Communication

- The Quarterly and Half Yearly results are published in national and local dailies, namely Financial Express(English) and Loksatta (Marathi), having wide circulation. Since the results of the Company are published in the newspapers, half yearly reports are not sent individually to the shareholders.
- The Company's results and official news releases are displayed on the Company's website namely www.kirloskar.com.
- The Management Discussion and Analysis Report forms part of this Annual Report.

## X. General Shareholder Information

### a) Annual General Meeting

Date and Time	25th July 2012 at 11.00 a.m.		
Venue	S. M. Joshi Socialist Foundation (S. M. Joshi Hall), S. No. 191/192, Navi Peth, near Ganjave Chowk, Pune 411 030		
Financial Year	1 April 2011 to 31 March 2012 During the year the financial results were announced as under: First quarter : 22 July 2011 Second quarter : 19 October 2011 Third quarter : 25 January 2012 Annual : 26 April 2012		
Date of Book Closure	18 July 2012 to 25 July 2012 (Both days inclusive)		
Dividend payment date	On or before 14 August 2012		
Listing on stock exchanges (Stock Code)	<b>Sr. No.</b>	<b>Name of the Stock Exchange</b>	<b>Stock Code</b>
	1.	BSE Limited (BSE), Mumbai	500243
	2.	National Stock Exchange of India Limited (NSE), Mumbai	KIRLOSIND

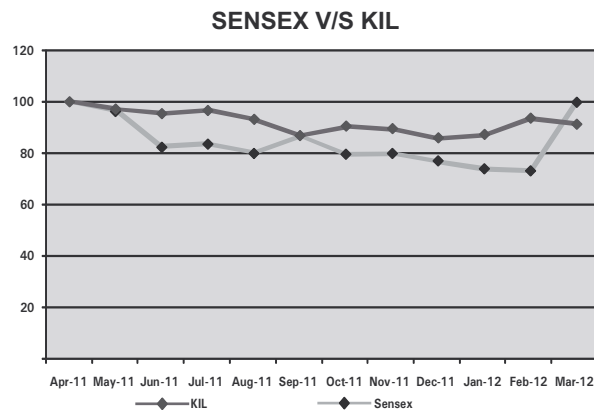
### b) Market Price Data

Monthly high/low during the year 2011-2012 on the BSE and NSE:

Stock Exchange	BSE Limited		National Stock Exchange of India Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
Month				
April 2011	374.90	327.00	363.90	327.05
May 2011	361.65	288.60	354.90	287.00
June 2011	309.80	280.60	314.00	280.00
July 2011	313.55	250.20	314.90	281.95
August 2011	300.00	263.05	321.00	260.50
September 2011	325.00	262.50	333.40	264.05
October 2011	298.95	266.15	295.35	269.05
November 2011	299.95	243.50	282.00	245.50
December 2011	288.85	226.00	271.50	221.30
January 2012	277.00	233.65	286.00	231.00
February 2012	274.85	255.00	273.10	241.00
March 2012	322.65	255.00	325.05	254.25



c) Performance of the Company's scrip on the BSE as compared to the BSE Sensex:



d) Distribution of Shareholding

SHARE HOLDING OF NOMINAL VALUE OF ₹ (1)	SHAREHOLDERS		SHARE AMOUNT	
	Number (2)	% to Total (3)	In ₹ (4)	% to Total (5)
Upto - 5,000	26,887	98.4367	70,34,660	7.2458
5001 - 10,000	236	0.8640	17,13,430	1.7649
10,001 - 20,000	97	0.3551	13,64,320	1.4053
20,001 - 30,000	35	0.1281	8,55,600	0.8813
30,001 - 40,000	8	0.0293	2,78,820	0.2872
40,001 - 50,000	11	0.0403	4,95,320	0.5102
50,001 - 1,00,000	17	0.0622	12,12,360	1.2487
1,00,001 and above	23	0.0842	8,41,31,680	86.6567
<b>TOTAL</b>	<b>27,314</b>	<b>100.0000</b>	<b>9,70,86,190</b>	<b>100.0000</b>

e) Shareholding Pattern

Sr. No.	Category	No. of shares	%
1	Promoters	@ 62,40,832	64.28
2	Mutual Funds/UTI	2,949	0.03
3	Banks/Financial Institutions and Insurance Companies	5,15,911	5.31
4	Other Bodies Corporate	98,724	1.02
5	Foreign Institutional Investors	14,87,910	15.33
6	Clearing Members	10,397	0.11
7	NRI	24,184	0.25
6	General Public	13,27,712	13.67
	<b>TOTAL</b>	<b>97,08,619</b>	<b>100.00</b>

@ The promoters have acquired 71 and 18,820 equity shares on 29 March 2012 and 30 March 2012, respectively. However, the said shares are not reflected in the promoters holding mentioned above, since the actual credit of shares has taken place after 31 March 2012.

**f) Registrar and Share Transfer Agent**

The entire work of the Company, relating to processing of transfer of shares has been given to an outside agency i.e. Link Intime India Private Limited being a SEBI Registered R & T Agent. The contact details are as follows –

Link Intime India Private Limited	Block No. 202, 2nd Floor, Akshay Complex, Off Dhole Patil Road, Pune – 411 001 Tel: (020) 2616 1629 / 2616 0084
-----------------------------------	--

**g) Share Transfer System**

- a. The applications for transfer of shares lodged at the Company's Registrar and Transfer Agents in physical form are processed within 30 days of receipt of the documents valid and complete in all respects. After such processing, the Registrar and Share Transfer Agent will issue share certificate to the concerned shareholder within 30 days of receipt of certificate for transfer. Shares under objection are returned within a week's time. The transfer applications are approved periodically by the senior management of the Company.
- b. Pursuant to the Listing Agreement, a certificate on half yearly basis is issued by the Practicing Company Secretary for compliance with share transfer formalities by the Company.

**h) Register your National Electronic Clearing Services (NECS) Mandate**

The Reserve Bank of India (RBI) has initiated NECS for credit of Dividend directly to the Bank Account of Shareholders. Shareholders holding shares in electronic mode are requested to register their latest Bank Account details with their Depository Participant & in physical form with the Company's R & T Agent viz Link Intime India Private Limited.

**i) Dematerialization of shares and liquidity**

As on 31 March 2012, 94,49,216 equity shares being 97.33% of the total equity share capital of the Company were held in dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The International Security Identification Number (ISIN) allotted to the Company's equity shares is INE250A01039.

**j) Outstanding GDR/ADR/Warrants or any convertible instruments, conversion date and impact on equity - Not applicable.**

**k) Location of Windmills:**

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

**l) Address for correspondence**

Shareholders' correspondence should be addressed to Link Intime India Private Limited, the Registrar and Share Transfer Agent, at the address mentioned above. Shareholders can also email their queries / grievances to the following email address:

**[investorrelations@kirloskar.com](mailto:investorrelations@kirloskar.com)**

**Declaration under Clause 49 I (D) (ii) by the Executive Director & Company Secretary of affirmation by the Board of Directors and Senior Management of Compliance with the Code of Conduct**

The Shareholders,

I, Aditi Chirmule, Executive Director & Company Secretary of the Company, do hereby declare that all the Board Members & Senior Management Personnel have affirmed compliance with the Code of Conduct for the Board of Directors & Senior Management of Kirloskar Industries Limited made effective from April 1, 2005.



Aditi Chirmule  
Executive Director &  
Company Secretary

Place: Pune

Date: 26 April 2012

**TO THE MEMBERS OF KIRLOSKAR INDUSTRIES LIMITED  
CERTIFICATE BY THE AUDITORS ON CORPORATE GOVERNANCE**

We have examined the compliance of conditions of Corporate Governance by Kirloskar Industries Limited ('the Company'), for the year ended 31st March 2012, as stipulated in Clause 49 of the Listing Agreement(s) of the Company with stock exchange(s) in India.

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

In our opinion and to the best of our information and in accordance with 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 G. D. APTE & CO.  
Chartered Accountants  
Firm Registration No: 100515W

C. M. DIXIT  
Partner  
Membership Number. 17532

Pune, April 26, 2012

## Auditor's Report

**To,  
The Members of  
Kirloskar Industries Limited**

1. We have audited the attached Balance Sheet of Kirloskar Industries Limited ('the Company') as at March 31, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement 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 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 statements 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) ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to 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 it appears from our examination of those books;
  - iii. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the Balance Sheet, Statement of Profit and Loss 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 Act.
  - v. On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Act.
  - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 March 31, 2012;
    - b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
    - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For G. D. APTE & CO.  
Chartered Accountants  
Firm Registration No: 100515W

C. M. DIXIT  
Partner  
Membership Number. 17532

Pune, April 26, 2012

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT ON EVEN DATE**

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the Management during the year but as explained to us, there is a phased programme of verification of fixed assets over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification during the year.
- (c) There was no disposal of substantial part of fixed assets during the year.
- ii. Considering the nature of the business conducted by the Company, the provisions of clause 4(ii) of the Order are not applicable to the Company.
- iii. According to the information and explanations given to us, the Company has not granted/ taken any loans secured or unsecured to/ from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- 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, for the purchase of inventory and fixed assets and for sale of electricity and rendering of services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas and accordingly the question on commenting on whether there is a continuing failure to correct major weakness in the internal control system of the Company does not arise.
- v. (a) According to the information and explanations provided by the Management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. The Company has not accepted deposits from the public within the meaning of Sections 58A and 58AA of the Act.
- 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 maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of the cost records under section 209 (1)(d) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix. (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, income-tax, sales-tax, wealth-tax, service tax, cess and other material statutory dues applicable to it. There were no undisputed statutory dues as at the last day of the financial year which were outstanding for a period of more than six months from the date they became payable. We have been explained that no dues in respect of Employees State Insurance, Custom Duty, Excise duty or cess arose during the year.
- (b) According to the information and explanations given to us and records of the Company, there are no dues in respect 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 except for following cases:

Name of the statute	Nature of dues	Amount (₹ in lakhs.)	Years to which the amount relates	Forum where the dispute is pending
Finance Act, 1994 (Service Tax)	Denial of service tax credit taken and penalty thereon	2.90	2006-07	Assistant / Deputy Commissioner of central excise, Nasik (₹ 0.52 lakhs) & CESTAT-Mumbai (₹ 2.38 lakhs)

- 
- x. The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
  - xi. The Company has not availed any loan from any financial institution, bank or debenture holders. As such, the reporting under this clause regarding the default of the company in repayment of dues to financial institution, bank or debenture holders is not required.
  - xii. According to the records of the Company, examined by us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities and as such the reporting under this clause regarding the maintenance of adequate documents and records of loans granted is not required.
  - xiii. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society due to which the provisions of clause 4(xiii) of the Order are not applicable to the Company.
  - xiv. According to the information and explanations given to us, the Company is dealing but not trading in shares, securities, debentures and other investments and in our opinion proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company, in its own name.
  - xv. According to explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions during the year.
  - xvi. The Company has not taken any term loans during the year.
  - xvii. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short- term basis which have been used for long-term investment.
  - xviii. The Company has not made any allotment of shares during the year.
  - xix. The Company has not issued any debentures during the year.
  - xx. The Company has not raised money by public issues during the year.
  - xxi. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For G. D. APTE & CO.  
Chartered Accountants  
Firm Registration No: 100515W

C. M. DIXIT  
Partner  
Membership Number. 17532

Pune, April 26, 2012

## BALANCE SHEET AS AT 31 MARCH 2012

		(₹ in lakhs)	
		As at	As at
		31 March 2012	31 March 2011
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>		
<b>1</b>	<b>Shareholders' funds</b>		
(a)	Share capital	3	970.87
(b)	Reserves and surplus	4	58,439.62
<b>2</b>	<b>Non-current liabilities</b>		
(a)	Deferred tax liability (Net)	-	563.60
(b)	Other Long term liabilities	5	14.23
(c)	Long-term provisions	6	45.65
<b>3</b>	<b>Current liabilities</b>		
(a)	Trade Payables	7	4.61
(b)	Other current liabilities	8	1,163.04
(c)	Short-term provisions	9	555.08
	<b>TOTAL</b>		<b>61,193.10</b>
<b>II.</b>	<b>ASSETS</b>		
	<b>Non-current assets</b>		
<b>1</b>	<b>(a) Fixed assets</b>		
	- Tangible assets	10	1,270.82
	- Intangible assets	10	0.65
(b)	Non-current investments	11	51,868.62
(c)	Long-term loans and advances	12	732.09
(d)	Other non-current assets	-	-
<b>2</b>	<b>Current assets</b>		
(a)	Current investments	13	-
(b)	Inventories	-	200.03
(c)	Trade receivables	14	77.75
(d)	Cash and Bank Balances	15	6,976.74
(e)	Short-term loans and advances	16	29.63
(f)	Other current assets	17	236.71
	<b>TOTAL</b>		<b>61,193.10</b>
	<b>Notes forming part of the Financial Statements</b>	Note No. 1, 2 and 23 to 36	-

As per our attached report of even date.

For and on behalf of the Board of Directors.

For G. D. APTE & CO.  
Chartered Accountants  
Firm Registration Number: 100515W

NIHAL G. KULKARNI  
Director

A. N. ALAWANI  
Director

C. M. DIXIT  
Partner  
Membership Number: 17532

ADITI CHIRMULE  
Executive Director &  
Company Secretary

GIRISH S. PATNEKAR  
Head-Finance

Pune: 26 April 2012

Pune: 26 April 2012

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2012

(₹ in lakhs)

	Note No.	2011 - 2012	2010 - 2011
<b>I. Revenue from operations</b>	18	<b>1,381.12</b>	418.70
<b>II. Other income</b>	19	<b>6,482.33</b>	6,469.95
<b>III. Total Revenue (I + II)</b>		<b>7,863.45</b>	6,888.65
<b>IV. Expenses:</b>			
Cost of Renewable Energy Credit and Voluntary Carbon units Sold		<b>4.61</b>	-
Employee benefits expense	20	<b>197.52</b>	161.69
Depreciation and amortization expense	22	<b>316.56</b>	305.48
Other expenses	21	<b>422.66</b>	401.03
<b>V Total expenses</b>		<b>941.35</b>	868.20
<b>VI Profit / (Loss) before tax (III- V)</b>		<b>6,922.10</b>	6,020.45
<b>VII Tax expense/ (income):</b>			
(1) Current tax (including wealth tax)		<b>1,140.10</b>	810.00
(2) Deferred tax		-	(1.12)
(3) Deferred tax earlier years		<b>(563.60)</b>	-
(4) MAT Credit Entitlement		<b>(400.00)</b>	(322.00)
<b>Total</b>		<b>176.50</b>	486.88
<b>VIII Profit/ (Loss) for the year (VI-VII)</b>		<b>6,745.60</b>	5,533.57
<b>IX Earnings/(loss) per equity share [Nominal value of Share ₹ 10/- (31 March 2011 ₹ 10/-)]</b>		₹	₹
Basic & Diluted		<b>69.48</b>	57.00
<b>Notes forming part of the Financial Statements</b>	Note No. 1, 2 and 23 to 36		

As per our attached report of even date.

For and on behalf of the Board of Directors.

For G. D. APTE & CO.  
Chartered Accountants  
Firm Registration Number: 100515W

NIHAL G. KULKARNI  
Director

A. N. ALAWANI  
Director

C. M. DIXIT  
Partner  
Membership Number: 17532

ADITI CHIRMULE  
Executive Director &  
Company Secretary

GIRISH S. PATNEKAR  
Head-Finance

Pune: 26 April 2012

Pune: 26 April 2012



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012**

	2011 - 2012	(₹ in lakhs) 2010 - 2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	6,922.10	6,020.45
<u>Non-cash adjustment to reconcile profit before tax to net cash flows:</u>		
Depreciation / amortization	316.56	305.48
Loss on assets sold, demolished, discarded, etc.	6.43	0.01
	<u>322.99</u>	<u>305.49</u>
Less:		
Profit on sale of investment(net)	2,615.68	2,228.83
Provisions no longer required, written back	47.37	2.09
Interest Earned	770.42	0.03
Dividend on Investments	1,562.46	2,145.22
Income from Licensing of Property	2,210.90	2,045.26
	<u>7,206.83</u>	<u>6,421.43</u>
Operating profit before working capital changes	<u>38.26</u>	<u>(95.49)</u>
Changes in working capital		
Increase / (Decrease) in trade payables	2.11	0.33
Increase / (Decrease) in long term provisions	11.61	6.10
Increase / (Decrease) in short term provisions	12.83	(27.51)
Increase / (Decrease) in other current liabilities	45.13	(58.87)
Increase / (Decrease) in other long - term liabilities	-	(63.87)
Decrease / (Increase) in trade receivables	(60.68)	(17.07)
Decrease / (Increase) in inventories	(0.09)	-
Decrease / (Increase) in long - term loans and advances	0.93	0.31
Decrease / (Increase) in short - term loans and advances	(2.48)	(0.78)
Decrease / (Increase) in other current assets	(50.00)	22.41
	<u>(40.64)</u>	<u>(138.95)</u>
Net cash generated from operations	<u>(2.38)</u>	<u>(234.44)</u>
Direct Taxes Paid	(1,098.77)	(1,356.56)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<u>(1,101.15)</u>	<u>(1,591.00)</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale of Investments	3,060.66	27,067.61
Sale of Fixed Assets	51.76	-
Interest Received	642.01	0.03
Dividend Received	1,562.46	2,145.22
Licensing of Property	2,220.89	3,962.61
Security Deposit	17.95	964.14
	<u>7,555.73</u>	<u>34,139.61</u>
Less:		
Purchase of Investments	(6,000.41)	(27,492.20)
Investments in bank deposits (having original maturity of more than three months)	(6,590.00)	-
Purchase of Fixed Assets	(93.20)	(76.64)
	<u>(12,683.61)</u>	<u>(27,568.84)</u>
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>	<u>(5,127.88)</u>	<u>6,570.77</u>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

	(₹ in lakhs)	
	2011 - 2012	2010 - 2011
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(256.88)	(23.85)
Tax on Dividend	(39.37)	-
Fractional shareholding entitlement paid	(16.68)	-
<b>NET CASH USED IN FINANCING ACTIVITY</b>	<b>(312.93)</b>	<b>(23.85)</b>
<b>D. Net Increase / (Decrease) In Cash And Cash Equivalents</b>	<b>(6,541.96)</b>	<b>4,955.92</b>
<b>E. Cash and Cash equivalents at the beginning of the year</b>	<b>6,928.70</b>	<b>1,972.78</b>
<b>F. Cash and Cash equivalents at the end of the year</b>	<b>386.74</b>	<b>6,928.70</b>
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>		
Cash on hand	0.03	0.13
Cheques / drafts on hand	0.28	-
With banks -		
- on current account	9.57	85.32
- on deposit account	245.00	6,700.00
- unclaimed dividend accounts / fractional entitlement *	131.86	143.25
<b>Total cash and cash equivalents</b>	<b>386.74</b>	<b>6,928.70</b>

\* The Company can utilize these balances only toward settlement of the respective unclaimed dividend and unclaimed fractional entitlement.

As per our attached report of even date.

For and on behalf of the Board of Directors.

For G. D. APTE & CO.  
Chartered Accountants  
Firm Registration Number: 100515W

NIHAL G. KULKARNI  
Director

A. N. ALAWANI  
Director

C. M. DIXIT  
Partner  
Membership Number: 17532

ADITI CHIRMULE  
Executive Director &  
Company Secretary

GIRISH S. PATNEKAR  
Head-Finance

Pune: 26 April 2012

Pune: 26 April 2012

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012

### NOTE 1:

#### CORPORATE INFORMATION

Kirloskar Industries Limited ("the Company") is a public company incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India, namely the Bombay Stock Exchange and the National Stock Exchange of India Ltd. The Company is engaged in wind-power generation. The Company has seven windmills in Maharashtra with total installed capacity of 5.6 Mega Watt (MW). The windmills are located at Tirade Village, Tal-Akole, Dist. – Ahmednagar. The Company sells wind power units generated, to third party as per the approval from the Maharashtra State Electricity Distribution Company Limited.

The Company is a Non Banking Financing Company (NBFC) and has investments in properties and securities.

### NOTE 2:

#### BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements have been prepared in conformity with Generally Accepted Accounting Principles to comply in all material respects with the notified Accounting Standards ('AS') under Companies Accounting Standard Rules, 2006, (as amended), the relevant provisions of the Companies Act, 1956 ('the Act'). The Financial Statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

#### 2.1 Summary of Significant Accounting Policies

##### a. Change in Accounting Policy

###### Presentation and disclosure of financial statements

During the year ended 31 March 2012, the Revised Schedule VI notified under Companies Act 1956, has become applicable to the Company, for preparation and presentation of its Financial Statements. The adoption of Revised Schedule VI does not impact recognition and measurement principles followed for preparation of Financial Statements. However, it has significant impact on presentation and disclosures made in the Financial Statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year, for comparison. For further details, refer note 35.

##### b. Use of Estimates

The preparation of Financial Statements in conformity with Generally Accepted Accounting Principles in India requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities at the end of the reporting period. The estimates and assumptions used in the accompanying Financial Statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the Financial Statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying Financial Statements. Any revisions to accounting estimates are recognized prospectively in current and future periods.

##### c. Fixed Assets, Depreciation/Amortisation and Impairment of assets

###### I. Tangible Fixed Assets and Intangible Assets

Tangible Fixed assets and Intangible Assets are stated at cost less accumulated depreciation/amortisation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

###### II. Depreciation /Amortisation

Depreciation/Amortisation is provided on all assets (except land, being a non-depreciable asset) on a Straight Line Method ('SLM'), which reflect the management's estimate of the useful lives of the respective fixed assets and are greater than or equal to the corresponding rates prescribed in Schedule XIV of the Act. The assets for which higher rates are used are as follows:

Particulars	Rates (SLM)	Schedule XIV rates (SLM)
Motor Vehicles	20%	9.50%
Computers Peripherals & Desktops	20%	16.21%
Laptops	25%	16.21%
Intangible assets-Computer Software	20%	16.21%
Mobile & telephone Instruments	100%	6.33%

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012

All fixed assets individually costing ₹ 5,000 or less are fully depreciated in the year of installation.

Depreciation on assets acquired is recognised in the Statement of Profit and Loss from the month in which the asset is acquired while the depreciation on assets sold during the year is recognised in the Statement of Profit and Loss till the month prior to the month in which the asset is sold.

### d. Impairment of assets

At each balance sheet date, based on internal/external factors, if there is any indication of impairment, the carrying amount of assets is reviewed. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of, the net selling price and value of the assets in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

### e. Inventories

Inventories in the nature of Renewable Energy Certificates (RECs) and Voluntary Carbon Units (VCUs) are accounted for in accordance with the Guidance Note on Accounting for Self-Generated Certified Emission Reductions issued by the Institute of Chartered Accountants of India. Accordingly, the RECs and VCUs are recognized upon application for certification to the respective authorities, till such units are sold, and valued at lower of cost and net realizable value.

Cost comprises of costs incurred for certification of RECs/VCUs. Net realizable value of RECs/VCUs is the estimated selling price in the ordinary course of business.

### f. Investments

Investments intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments.

On disposal of an investment, the difference between its weighted average carrying amount and the net disposal proceeds is charged or credited to the Statement of Profit and Loss.

#### Investment Property

An investment in land or buildings that are not intended to be occupied substantially for use by, or in the operations of, the Company is classified as investment property. Investment Properties are stated at cost less accumulated depreciation/amortisation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the investment property to its working condition for its intended use.

Depreciation on the building component of the investment property is calculated on a Straight Line Method ('SLM'), which reflects the management's estimate of the useful lives of the respective fixed assets and is equal to the corresponding rates prescribed in Schedule XIV of the Act.

On disposal of an investment, the difference between its carrying amount and the net disposal proceeds is charged or credited to the Statement of Profit and Loss.

### g. Property License fees:

#### Where the Company is the licensor

Assets given on leave and license are included in investment properties. Income from property licensing is recognised in the Statement of Profit and Loss over the term of the leave and license agreement. Costs, including depreciation are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

### h. Employee Benefits

#### i. Provident Fund

The eligible employees of the Company are entitled to receive benefits under the Provident Fund and Superannuation Scheme, which are defined contribution plans. In case of Provident Fund, both the employee and the Company contribute monthly at a stipulated rate to the government provident fund, while in case of

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012

superannuation; the Company contributes to Life Insurance Corporation of India at a stipulated rate. The Company has no liability for future Provident Fund or Superannuation benefits other than its annual contributions which are recognised as an expense in the year on an accrual basis.

### II. Gratuity

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated year mentioned under 'The Payment of Gratuity Act, 1972'. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date.

### III. Leave Encashment

Long term and Short term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method as at the reporting date.

Actuarial gains/losses are immediately taken to Statement of Profit and Loss and are not deferred.

### i. Revenue Recognition

- I. Income from power generation is recognized on supply of power to the grid. The income is initially recognised at an estimated rate per unit and consequently billed to the consumer at the contracted rate. The difference between initial accrual and final billing is adjusted with the revenue of the year in which the final energy credit is received.
- II. Income from property licensing is recognized as rentals, as accrued over the period of the leave and license agreements.
- III. Dividend is recognized as income when right to receive it is established.
- IV. Interest income on fixed deposits with banks, debentures, bonds etc. is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. In case of significant uncertainty of receiving interest, the same is not recognized though accrued and is recognized only when received.
- V. Profit/loss on the sale/redemption of investments is dealt with at the time of actual sale/redemption.
- VI. Income from the sale of Renewable Energy Certificates (RECs) and Voluntary Emission Reduction Certificates (VERs) is recognised on an accrual basis at the time when the contract to sale is entered.

### j. Income Tax

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

In the situations where the company is entitled to a tax holiday under the Income Tax Act, 1961, no deferred tax (asset or liability) is recognized in respect of timing differences which originate and are likely to reverse during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Company re-assesses unrecognized deferred tax assets and liabilities of the earlier years. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. Based on the reassessment the asset and liability of deferred tax is then restated by charging or crediting to the Statement of Profit and Loss Account, as the case may be.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that it is reasonably certain that the Company will pay normal income tax during the specified period, i.e. the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement". The Company reviews the "MAT Credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have reasonable certainty that it will pay normal tax during the specified period.

### k. Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### l. Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non cash nature and any deferral or accruals of past or future cash receipts or payments. The cash flows from regular operating, investing and financing activities of the Company are segregated.

### m. Cash and cash equivalents

Cash and cash equivalents in the Cash Flow Statement comprise cash at bank and in hand, cheques on hand, remittances in transit and short term investments with an original maturity of three months or less.

### n. Segment Reporting

#### I Identification of segments:

The Company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

#### II Allocation of common costs:

Common allocable costs are allocated to each segment pro-rata on the basis of revenue of each segment to the total revenue of the Company.

#### III Unallocated items:

Unallocated items include income and expenses which are not allocated to any reportable business segment.

#### IV Segment Policies:

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the Financial Statements of the Company as a whole.

### o. Foreign currency translation

#### I. Initial recognition

Transactions in foreign currency entered into during the year are recorded at the exchange rates prevailing on the date of the transaction.

#### II. Conversion

Monetary assets and liabilities denominated in foreign currency are translated in to Rupees at exchange rate prevailing on the date of the Balance Sheet.

#### III. Exchange differences

All exchange differences are dealt with in the Statement of Profit and Loss.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012

### p. Provisions

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

### q. Contingent Liability:

A contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or present obligation that arises from past events that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. The contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

### NOTE 3:

#### SHARE CAPITAL

#### (a) Authorised, Issued, Subscribed and Paid up Share Capital and Par value per share:

(₹ in Lakhs)

Particulars	As at 31 March 2012		As at 31 March 2011	
	Number	₹ in Lakhs	Number	₹ in Lakhs
Authorised Equity Shares of ₹ 10/- each	<u>50,000,000</u>	<u>5,000.00</u>	<u>50,000,000</u>	<u>5,000.00</u>
Issued & Subscribed Equity Shares of ₹ 10/- each	<u>9,708,650</u>	<u>970.87</u>	<u>9,708,650</u>	<u>970.87</u>
Called up & Paid up Equity Shares of ₹ 10/- each fully paid	<u>9,708,619</u>	<u>970.87</u>	<u>9,708,619</u>	<u>970.87</u>
Share Capital Suspense Account* Equity Shares of ₹ 10/- each fully paid up	<u>31</u>	<u>-</u>	<u>31</u>	<u>-</u>
<b>Total</b>	<b><u>9,708,650</u></b>	<b><u>970.87</u></b>	<b><u>9,708,650</u></b>	<b><u>970.87</u></b>

\* 31 (31) Equity Shares of ₹ 10/- each aggregating to ₹ 310/- to be issued to shareholders of erstwhile Shivaji Works Ltd. on amalgamation as per Scheme sanctioned by Board for Industrial and Financial Reconstruction, are kept in abeyance on the directions of Special Court.

#### (b) Reconciliation of number of Equity Shares Outstanding at the beginning and at the end of the year:

Particulars	As at 31 March 2012		As at 31 March 2011	
	Number	₹ in Lakhs	Number	₹ in Lakhs
Shares outstanding at the beginning of the year	9,708,650	970.87	9,708,650	970.87
Add: Shares Issued during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	9,708,650	970.87	9,708,650	970.87

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012

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

Name of Shareholder	As at 31 March 2012		As at 31 March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Kirloskar Brothers Investments Limited	-	-	3,695,163	38.06%
Pooja Credits Private Limited	-	-	850,104	8.76%
India Capital Fund Limited	943,439	9.72%	943,439	9.72%
The India Capital Opportunities 1 Limited	512,223	5.28%	512,223	5.28%
Atul Chandrakant Kirloskar #	1,307,529	13.47%	-	-
Rahul Chandrakant Kirloskar	1,301,480	13.41%	-	-
Gautam Achyut Kulkarni # #	1,301,741	13.41%	-	-
Arti A. Kirloskar	709,648	7.31%	-	-
Jyostna Gautam Kulkarni	726,798	7.49%	-	-
Alpana R. Kirloskar	709,648	7.31%	-	-

# Out of these, 13,07, 504 equity shares are held in the individual capacity. 71 equity shares and 7,967 equity shares have been acquired on 29 March 2012 and 30 March 2012 respectively. However, the said shares are not reflected in the holding mentioned above since the actual credit of shares has taken place after 31 March 2012. The above shareholding also includes 25 equity shares held as a Trustee of C. S. Kirloskar Testamentary Trust.

# # 10,853 equity shares have been acquired on 30 March 2012. However, the said shares are not reflected in the holding mentioned above since the actual credit of shares has taken place after 31 March 2012.

### (d) Details of Allotment of Shares for consideration other than cash, allotments of Bonus Shares and Shares bought back:

Particulars	Financial Year (Aggregate No. of Shares)				
	2011-12	2010-11	2009-10	2008-09	2007-08
<b>Equity Shares :</b>					[Refer (e) below]
Fully paid up by way of bonus shares	-	-	-	-	97,086,500
Allotted pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Shares Bought Back	-	-	-	-	-

(e) After the demerger of Kirloskar Oil Engines Limited (now known as Kirloskar Industries Limited), the said bonus shares along with the pre-bonus shares have been reorganised by reduction and consolidation. The face value of the shares has been changed from ₹ 2/- to ₹ 10/-.

(f) Each holder of equity share is entitled to one vote per share and to receive interim/ final dividend as and when declared by the Board of Directors/ at the Annual General Meeting. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
<b>NOTE 4:</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>Reserve Fund:</b>		
In terms of Section 45 - IC of the Reserve Bank of India Act, 1934:		
Balance as per last account	-	-
Add: Transfer from surplus of Profit and Loss Account	<b>1,349.12</b>	-
	<b>1,349.12</b>	-
<b>General Reserves:</b>		
Opening Balance	<b>30,759.54</b>	30,206.18
Add: Current Year Transfer	<b>674.56</b>	553.36
<b>Closing Balance</b>	<b>31,434.10</b>	30,759.54
<b>Surplus/ (deficit) in the Statement of Profit and Loss:</b>		
Opening balance	<b>21,385.83</b>	16,687.71
Add: Net Profit/(Net Loss) For the current year	<b>6,745.60</b>	5,533.57
Less: Transfer to Reserve Fund, in terms of Section 45 - IC of the Reserve Bank of India Act, 1934	<b>1,349.12</b>	-
Less: Proposed Dividends	<b>388.35</b>	242.72
Less: Tax on Proposed Dividend	<b>63.00</b>	39.37
Less: Transfer to Reserves	<b>674.56</b>	553.36
<b>Net surplus in the Statement of Profit and Loss</b>	<b>25,656.40</b>	21,385.83
<b>Total</b>	<b>58,439.62</b>	52,145.37

**NOTE 5:****OTHER LONG TERM LIABILITIES**

Security Deposits	13.97	900.00
Sundry Creditors for Expenses	0.26	3.18
<b>Total</b>	<b>14.23</b>	<b>903.18</b>

**NOTE 6:****LONG TERM PROVISIONS**

<b>Provision for employee benefits</b>		
Gratuity	18.65	7.04
<b>Others provisions</b>		
Provision for Operation and Maintenance of Windmills	27.00	27.00
<b>Total</b>	<b>45.65</b>	<b>34.04</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
<b>NOTE 7:</b>		
<b>TRADE PAYABLES</b>		
Transmission and Wheeling Charges	0.82	2.50
Certification and other expenses for Voluntary Carbon units	3.79	-
<b>Total</b>	<b>4.61</b>	<b>2.50</b>

### NOTE 8 : OTHER CURRENT LIABILITIES

Investors Education & Protection Fund will be credited by the following amounts, as and when due

- Unclaimed Equity Dividend	136.82	150.98
- Unclaimed fractional entitlement	2.78	-

Unclaimed Preference share Capital & dividend thereon	1.57	1.57
---	------	------

#### Other payables

Tax deducted at Source, Service Tax and MVAT	5.16	4.97
Employee Benefits	4.68	1.45
Creditors for expenses	43.19	62.96
Creditors for assets	-	2.41
Security Deposits	968.84	64.86

<b>Total</b>	<b>1,163.04</b>	<b>289.20</b>
--------------	-----------------	---------------

### NOTE 9 : SHORT TERM PROVISIONS

#### Provision for employee benefits

Gratuity	0.08	0.30
Leave Encashment	17.28	8.83

#### Other Provisions

Provision for Income tax and Wealth tax (Net of Advance tax of ₹ 2,423.71 Lakhs and wealth tax of ₹ 17.41 Lakhs )	27.87	-
Commission Payable to Directors	58.50	53.90
Provision for Dividend [including Dividend Distribution Tax of ₹ 63.00 Lakhs (31 March 2011 ₹ 39.37 Lakhs)]	451.35	282.09

<b>Total</b>	<b>555.08</b>	<b>345.12</b>
--------------	---------------	---------------

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012

NOTE 10:  
FIXED ASSETS  
(₹ in Lakhs)

Particulars	Tangible Assets (A)										Intangible Assets (B)		Total (A) + (B)	
	Plant and equipment		Vehicles	Office equipments	Computers & Peripherals	Electrical Installations	Total of (A)	Computer Software	Intangible Assets (B)					
	Windpower generators	Diesel Generator Set							Furniture & Fixtures	Computer Software				
<b>Gross Block</b>														
Balance as at 1 April 2010	2,629.69	-	-	-	-	-	-	2,629.69	-	-	-	-	-	2,629.69
- Additions	-	-	11.59	6.92	1.72	-	-	75.95	0.89	0.89	0.89	0.89	0.89	76.84
- Disposals	-	-	-	0.22	-	-	-	0.22	-	-	-	-	-	0.22
Balance as at 31 March 2011	2,629.69	-	11.59	6.70	1.72	-	-	2,705.42	0.89	0.89	0.89	0.89	0.89	2,706.31
- Additions	-	9.39	73.74	0.84	1.70	1.69	5.76	93.12	0.08	0.08	0.08	0.08	0.08	93.20
- Disposals	-	-	62.33	-	-	-	-	62.33	-	-	-	-	-	62.33
<b>Balance as at 31 March 2012</b>	<b>2,629.69</b>	<b>9.39</b>	<b>23.00</b>	<b>7.54</b>	<b>3.42</b>	<b>57.41</b>	<b>5.76</b>	<b>2,736.21</b>	<b>0.97</b>	<b>0.97</b>	<b>0.97</b>	<b>0.97</b>	<b>0.97</b>	<b>2,737.18</b>
<b>Accumulated Depreciation</b>														
Balance as at 1 April 2010	906.37	-	-	-	-	-	-	906.37	-	-	-	-	-	906.37
- Depreciation charge for the year	271.91	-	0.58	0.40	0.20	2.09	-	275.18	0.06	0.06	0.06	0.06	0.06	275.24
- On Disposals	-	-	-	0.01	-	-	-	0.01	-	-	-	-	-	0.01
Balance as at 31 March 2011	1,178.28	-	0.58	0.39	0.20	2.09	-	1,181.54	0.06	0.06	0.06	0.06	0.06	1,181.60
- Depreciation charge for the year	271.91	0.57	6.84	1.67	0.54	6.11	0.35	287.99	0.26	0.26	0.26	0.26	0.26	288.25
- On Disposals	-	-	4.14	-	-	-	-	4.14	-	-	-	-	-	4.14
<b>Balance as at 31 March 2012</b>	<b>1,450.19</b>	<b>0.57</b>	<b>3.28</b>	<b>2.06</b>	<b>0.74</b>	<b>8.20</b>	<b>0.35</b>	<b>1,465.39</b>	<b>0.32</b>	<b>0.32</b>	<b>0.32</b>	<b>0.32</b>	<b>0.32</b>	<b>1,465.71</b>
<b>Net Block</b>														
Balance as at 31 March 2011	1,451.41	-	11.01	6.31	1.52	53.63	-	1,523.88	0.83	0.83	0.83	0.83	0.83	1,524.71
<b>Balance as at 31 March 2012</b>	<b>1,179.50</b>	<b>8.82</b>	<b>19.72</b>	<b>5.48</b>	<b>2.68</b>	<b>49.21</b>	<b>5.41</b>	<b>1,270.82</b>	<b>0.65</b>	<b>0.65</b>	<b>0.65</b>	<b>0.65</b>	<b>0.65</b>	<b>1,271.47</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012

### NOTE 11 : NON CURRENT INVESTMENTS (AT COST UNLESS OTHERWISE STATED)

Sr. No.	Particulars	Face Value (₹)	As at 31 March 2012		As at 31 March 2011	
			Nos.	₹ in Lakhs	Nos.	₹ in Lakhs
<b>A</b>	<b>Investment Properties</b>					
i	Land (at cost)			17.64		17.64
ii	Building (at cost less depreciation) *					
	<b>(a) Gross Block</b>			1,667.45		1,667.45
	Less: Accumulated Depreciation					
	Opening Balance			557.83		527.59
	Depreciation for the year			28.31		30.24
	<b>(b) Net Block of Building</b>			1,081.31		1,109.62
iii	<b>Total Investment Properties (i)+(ii)</b>			<u>1,098.95</u>		<u>1,127.26</u>
<b>B</b>	<b>Trade Investments</b>					
1	<b>Quoted</b>					
(I)	<b>Investment in Equity Instruments</b>					
	Fully Paid Equity Shares					
(a)	Investment In Associate					
	Kirloskar Ferrous Industries Limited	5	65,992,002	16,347.20	65,992,002	16,347.20
	Extent of holding by the Company is 48.06% (31 March 2011 : 48.06%)					
(b)	Others					
	Kirloskar Brothers Limited	2	18,988,038	28,170.90	18,988,038	28,170.90
	Kirloskar Brothers Investments Limited	10	100	0.04	551,309	226.23
	Kirloskar Pneumatic Company Limited	10	138,222	206.56	138,222	206.56
	Kirloskar Oil Engines Limited	2	4,265,000	6,000.41	-	-
	Swaraj Engines Limited	10	2,160,000	36.00	2,160,000	36.00
	Cummins India Limited #	2	683	-	488	-
	ICICI Bank Limited ##	10	-	-	10	-
(ii)	Warrants					
	Detachable warrants of Kirloskar Ferrous Industries Limited**		38,992,002	-	38,992,002	-
	<b>Total</b>			<u>50,761.11</u>		<u>44,986.89</u>
2	<b>UNQUOTED</b>					
(i)	Investment in Equity Instruments					
	Fully Paid Equity Shares					
(a)	Investment In Associate					
	Kothrud Power Equipment Limited	10	992,143	99.21	992,143	99.21
	Less: Provision for diminution in value			99.21		99.21
	Extent of holding by the Company is 50% (31 March 2011 : 50%)			-		-

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012

### NOTE 11 : NON CURRENT INVESTMENTS (AT COST UNLESS OTHERWISE STATED) (CONTD.)

Sr. No.	Particulars	Face Value (₹)	As at 31 March 2012		As at 31 March 2011	
			Nos.	₹ in Lakhs	Nos.	₹ in Lakhs
(b)	Others					
	Kirloskar Kenya Limited	K.S. 1000	1,272	8.56	1,272	8.56
	F. H. Schule GmbH, Germany	1000 (DM)	1,900	120.19	1,900	120.19
	Less: Provision for diminution in value			120.19		120.19
				-		-
	Kirsons Trading Pte Limited	1 (S\$)	-	-	56,250	12.01
	The Cosmos Co-operative Bank Limited	20	-	-	31,250	6.23
	The Shamrao Vitthal Co-operative Bank Limited	25	-	-	2,025	0.51
	The Mysore Kirloskar Limited (In liquidation)	10	113,460	27.33	113,460	27.33
	Less: Provision for diminution in value			27.33		27.33
				-		-
	<b>Total</b>			<b>8.56</b>		<b>27.31</b>
	<b>Total of Investments</b>			<b>51,868.62</b>		<b>46,141.46</b>

Particulars	As at 31 March 2012	As at 31 March 2011
Aggregate amount of quoted investments		
Carrying Cost	50,761.11	44,986.90
Market Value	53,700.94	53,190.31
Aggregate amount of unquoted investments	8.56	27.31
Investment Property at carrying cost	1,098.95	1,127.27
Aggregate amount of diminution in value of investments	246.73	246.73

#### Notes:

- \* Buildings include a property having written down value (WDV) of ₹ 321.72 Lakhs as at 31 March 2012 (₹ 328 Lakhs as at 31 March 2011) which is jointly owned by the Company with Kirloskar Brothers Limited. The Company's share in such joint holding is 45% as at 31 March 2012 (45% as at 31 March 2011).
- # At carrying cost of ₹ 36.96
- ## As at 31 March 2011 at carrying cost of ₹ 100/-
- \*\* Offered on exercise of Rights Option, Convertible into Equity shares at the option of shareholders of the Company or upon call by Kirloskar Ferrous Industries Limited, at a price of ₹ 35/- per warrant during the warrant exercise period from 13 March 2007 to 13 March 2010, which has been further extended upto 13 March 2013.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012

### NOTE 12: LONG TERM LOANS & ADVANCES

	(₹ in Lakhs)	
	As at 31 March 2012	As at 31 March 2011
<b>Security Deposits -</b>		
Unsecured, considered good:		
Electricity & Telephone Deposit	10.09	10.06
<b>Advances recoverable in cash or kind -</b>		
Unsecured, considered good:		
Housing Loan to employee*	-	0.96
Minimum Alternate Tax Credit Entitlement	722.00	322.00
Advance Income Tax	-	13.45
(Net of provision for tax of ₹ 1320.00 Lakhs and wealth tax of ₹ 22.60 Lakhs as at 31 March 2011)		
	<u>732.09</u>	<u>346.47</u>
<b>Advances recoverable in cash or kind -</b>		
Doubtful	1,072.76	1,085.08
Less: Provision for Doubtful Advances	<u>(1,072.76)</u>	<u>(1,085.08)</u>
	-	-
<b>Total</b>	<u><u>732.09</u></u>	<u><u>346.47</u></u>

#### Notes:

- \* Amount due from Company Secretary as on 31 March 2012 ₹ NIL (31 March 2011 ₹ 1.27 Lakhs ) (Maximum balance outstanding during the year ₹ 1.27 Lakhs (31 March 2011 ₹ 1.57 Lakhs).  
The Company Secretary was appointed as the Executive Director & Company Secretary of the Company w.e.f. 25 January, 2012.

### NOTE 13: CURRENT INVESTMENTS

	Face Value (₹)	As at 31 March 2012 Nos.	₹ in Lakhs	As at 31 March 2011 Nos.	₹ in Lakhs
<b>Trade Investments (unquoted)</b>					
<b>Current Maturities of</b>					
<b>Long Term Investments *</b>					
Investment in Debentures and Bonds					
The Mysore Kirloskar Limited					
(In liquidation)					
12.5% Secured Non Convertible Part "B" debentures of ₹ 44/- each	100	30,000	13.20	30,000	13.20
Less: Provision for diminution in value			<u>13.20</u>		<u>13.20</u>
			-		-
Investments in Mutual Funds					
DSP Blackrock- FMP-3M- Series 27 (Sold during the year)	10	-	-	20.00	200.03
<b>Total</b>			<u><u>-</u></u>		<u><u>200.03</u></u>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012

### NOTE 13: CURRENT INVESTMENTS (CONTD.)

Particulars	(₹ in Lakhs)	
	As at 31 March 2012	As at 31 March 2011
Aggregate carrying cost of unquoted investments	-	200.03
Aggregate amount of diminution in value of investments	13.20	13.20

#### Notes:

\* In earlier years, the Company had purchased 30,000 debentures of The Mysore Kirloskar Limited with an intention of holding the same for more than one year. Accordingly, the Company had classified the same as long term investment under Accounting Standard 13 - Accounting for Investments. Since the debentures have already matured on 1 June 1999, the Company has presented the same as current maturities of long term investments in the financial statements for the year ended 31 March 2012.

	(₹ in Lakhs)	
	As at 31 March 2012	As at 31 March 2011

### NOTE 14: TRADE RECEIVABLES

#### For Sale of wind power

unsecured, considered good:

Outstanding for a period exceeding six months	-	-
Outstanding for a period less than six months	77.75	17.07
<b>Total</b>	<b>77.75</b>	<b>17.07</b>

### NOTE 15: CASH AND BANK BALANCES

#### Cash and Cash Equivalents

##### Balances with Banks:

On Current Accounts	9.57	85.32
Fixed Deposits having original maturity less than 3 months	245.00	6,700.00
Unclaimed Dividend Accounts	129.08	143.25
Unclaimed Fractional Entitlement Account	2.78	-
Cash on hand	0.03	0.13
Cheques, drafts on hand	0.28	-
	<b>386.74</b>	<b>6,928.70</b>

##### Other Bank Balances:

Deposits having original maturity exceeding 3 months but due for realisation within 12 months of the reporting date	6,590.00	-
<b>Total</b>	<b>6,976.74</b>	<b>6,928.70</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012

(₹ in Lakhs)

As at 31 March 2012                      As at 31 March 2011

### NOTE 16 : SHORT TERM LOANS & ADVANCES

Unsecured, considered good:		
Current portion of long-term loans to employee (due from Company secretary)	-	0.31
Prepaid Expenses	26.94	24.40
Service Tax Credit Receivable	2.69	2.44
	<u>29.63</u>	<u>27.15</u>
Unsecured, considered doubtful:		
Amounts receivable from an associate company	0.31	-
Less: Provision	0.31	-
	<u>-</u>	<u>-</u>
<b>Total</b>	<u><b>29.63</b></u>	<u><b>27.15</b></u>

### NOTE 17: OTHER CURRENT ASSETS

Unbilled Revenue From Wind power	107.37	52.58
Interest accrued on Deposits with Banks	128.41	4.79
Licensing fees receivable	0.93	10.92
<b>Total</b>	<u><b>236.71</b></u>	<u><b>68.29</b></u>

### NOTE 18: REVENUE FROM OPERATIONS

Sale of Wind power	596.06	413.88
Sale of Renewable Energy Credit and Voluntary Carbon Units	14.64	-
Interest income:		
On Bank Deposits	770.39	4.79
On Housing Loan to employee	0.03	0.03
<b>Total</b>	<u><b>1,381.12</b></u>	<u><b>418.70</b></u>

### NOTE 19 : OTHER INCOME

<b>Dividend Income</b>		
Non current Investments	1,561.65	1,331.44
Current Investments	0.81	813.78
<b>Other non-operating income</b>		
Net gain on sale of long term investments	2,661.59	2,228.83
Property Licensing fees	2,210.90	2,045.26
Excess provisions for expenses no longer required	47.37	2.09
Compensation for Land acquisition by local authority	-	36.88
Bad Debts Recovered	-	11.62
Miscellaneous Income	0.01	0.05
<b>Total</b>	<u><b>6,482.33</b></u>	<u><b>6,469.95</b></u>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012

(₹ in Lakhs)

	2011-12	2010-11
<b>NOTE 20:</b>		
<b>EMPLOYEE BENEFITS</b>		
Salaries and incentives	165.86	150.04
Contributions to -		
- Provident fund & Labour Welfare Fund	6.88	3.80
- Superannuation	7.54	4.33
- Gratuity	14.90	3.08
- Staff welfare expenses	2.34	0.44
<b>Total</b>	<b>197.52</b>	<b>161.69</b>

### NOTE 21: OPERATING AND OTHER EXPENSES

#### A. Operating Expenses

Operation & Maintenance Charges - Windmill	31.90	33.93
Transmission & Wheeling Charges	20.90	36.23

#### B. Other Expenses

Security Staff Service	152.01	133.66
Repairs and maintenance - Property	9.79	29.45
Garden & Site Maintenance	39.53	41.77
Legal & Professional Fees	34.08	13.95
Rates & Taxes	26.58	29.49
Donations	50.00	-
Printing & Stationery Expenses	7.23	8.03
Postage & Courier Charges	6.18	6.12
Advertisement & Publicity	4.33	11.17
Commission to Directors	3.50	3.90
Director Sitting Fees	3.50	3.90
Travelling Expenses	1.43	11.89
Service Tax	5.45	3.79
Insurance Charges	1.32	0.55
Loss on Sale of Fixed Assets	6.43	0.01
Loss on Foreign Exchange Transaction	0.59	-
Provision for Doubtful Debts	0.31	-
Miscellaneous Expenses	13.83	28.93
Advances no longer recoverable written off	12.32	-
Provisions no longer required written back	(12.32)	-
Payment to auditors for:		
- Statutory Audit	2.10	4.00
- Limited review	0.90	-
- Tax Audit	0.50	-
- Certification	0.15	0.25
- Reimbursement of Expenses	0.12	0.01
<b>Total</b>	<b>422.66</b>	<b>401.03</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012

(₹ in Lakhs)

		2011-12	2010-11
<b>NOTE 22: DEPRECIATION AND AMORTIZATION EXPENSE</b>			
	<b>Note No.</b>		
On Fixed Assets	10	288.25	275.24
On Investment Property	11	28.31	30.24
<b>Total</b>		<b>316.56</b>	<b>305.48</b>

### NOTE 23: NON-BANKING FINANCIAL COMPANY

As on 31 March 2012, the Company's financial assets continue to be more than 50% of the total assets and its income from financial assets continues to exceed 50% of its gross income. As a result the Company satisfies the determinant tests given in the Press Release 1998-99/1269, dated 08 April 1999 issued by the Reserve Bank of India for determination of "Principal business" of the Company as a Non-Banking Finance Company (NBFC). The Company therefore is a NBFC in terms of the Reserve Bank of India Act, 1934.

The Company's investment pattern continues to comply with the parameters specified in the Reserve Bank of India notification RBI/2010-11/354 DNBS (PD) CC. No. 206/03.10.001/2010-2011, dated 05 January 2011 for Core Investment Companies (CIC - NBFC). As a result, the Company is exempt from obtaining Certificate of Registration as NBFC, under Section 45 – IA of the Reserve Bank of India Act, 1934 and submissions to this effect are made to the RBI and the same is under process.

### NOTE 24: CONTINGENT LIABILITIES NOT PROVIDED FOR

Sr. No.	Particulars	(₹ in Lakhs)	
		As at 31 March 2012	As at 31 March 2011
(a)	Disputed service tax demands	2.90	1.28
(b)	Claims against the Company not acknowledged as debt	434.42	434.42
	<b>Total</b>	<b>437.32</b>	<b>435.70</b>

### NOTE 25: EXPENDITURE AND EARNINGS IN FOREIGN CURRENCIES

Sr. No.	Particulars	(₹ in Lakhs)	
		For the year ended 31 March 2012	For the year ended 31 March 2011
(a)	Expenditure: Travelling	-	3.42
	<b>Total</b>	<b>-</b>	<b>3.42</b>
(b)	Earnings: Dividend	3.17	3.92
	Sale proceeds of equity shares	20.34	-
	<b>Total</b>	<b>23.51</b>	<b>3.92</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012

### NOTE 26:

#### DETAILS OF LICENSED AND INSTALLED CAPACITY, PRODUCTION, INVENTORY AND TURNOVER

##### (a) Licensed and installed capacity and production

Sr. No.	Class of Goods	Units	Licensed capacity		Installed capacity ##		Production meant for sale	
			2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
1	Wind-power units	Kilowatt hours Kwh (in Lakhs)	N.A.	N.A.	112.00	112.00	97.67	78.95

## Capacity is based on plant load factor, as advised by the Company's technical consultant.

##### (b) Inventory (at cost)

Class of Goods	Units	2011-12		2010-11	
		Nos.	In ₹	Nos.	In ₹
Renewable Energy Certificates under certification (REC)	Units	350	8,500	N.A.	N.A.

##### (c) Depreciation and Operating and Maintenance cost of Emission Reduction Equipments(windmills) as required by Guidance Note on Accounting for Self-generated Certified Emission Reductions issued by The Institute of Chartered Accountants of India

(₹ in Lakhs)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Depreciation	271.91	271.91
Operation and Maintenance cost	31.90	33.93

##### (d) Turnover

(₹ in Lakhs)

Sr. No.	Class of Goods	Units	2011-12		2010-11	
			Nos.	₹	Nos.	₹
1	Wind-Power Units	Kilowatt hours Kwh (in Lakhs)	97.67*	596.06	78.95 *	413.88
2	Renewable Energy Certificates (REC)	Units	377	10.93	-	-
3	Voluntary Carbon Units	Units	11,069	3.71	-	-
	<b>Total</b>			<b>610.70</b>		<b>413.88</b>

\* All units produced have been wheeled to Maharashtra State Electricity Development Company Limited. Turnover is net of transmission and distribution losses, as decided by the Maharashtra Electricity Regulatory Commission (MERC).

### NOTE 27:

#### EMPLOYEE BENEFITS

##### (a) Defined Contribution Plans:

The Company has contributed ₹ 14.42 Lakhs towards Defined Contribution plans i.e. Provident Fund Contribution and Super Annuation Scheme.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012

### (b) Gratuity

The Company has an unfunded defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for a gratuity on separation at 15 days basic salary (last drawn salary) for each completed year of service.

Disclosure pursuant to Accounting Standard (AS 15) – Revised 2005 “Employee Benefits” prescribed by Companies Accounting Standard Rules, 2006:

#### i. Statement of Profit and Loss:

##### Included in employee cost

##### Gratuity

(₹ in Lakhs)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
a. Current Service Cost	1.65	1.84
b. Past Service Cost	(12.94)	--
c. Interest Cost	0.47	0.36
d. Expected return on Plan Assets	NA	NA
e. Net Actuarial ( Gains)/ losses recognized in the year	25.72	0.89
f. <b>Total included in “Employee Cost”</b>	<b>14.90</b>	<b>3.09</b>

#### ii. Balance Sheet (details of provision for gratuity)

##### Gratuity

(₹ in Lakhs)

Particulars	As at 31 March 2012	As at 31 March 2011
a. Present value of Defined Benefit obligation as at the end of the year	18.73	7.34
b. Fair value of Plan Assets as at the end of the year	NA	NA
c. <b>Funded Status</b>	<b>(18.73)</b>	<b>(7.34)</b>
d. Current Liability	0.08	0.30
e. Non- Current Liability	18.65	7.04
f. Unrecognized Actuarial (gains)/losses	NIL	NIL
g. <b>Net( Liability)/Asset</b>	<b>(18.73)</b>	<b>(7.34)</b>

#### iii. Changes in the present Value of the Defined Benefit Obligation:

##### Gratuity

(₹ in Lakhs)

Particulars	As at 31 March 2012	As at 31 March 2011
a. Present value of Defined Benefit obligation at the beginning of the year	7.34	4.25
b. Interest cost	0.47	0.36
c. Past service cost	(12.94)	--
d. Current service cost	1.65	1.84
e. Benefits paid	(3.50)	--
f. Actuarial Losses / (Gains)	25.72	0.89
g. Present value of Defined Benefit obligation at the close of the year	18.73	7.34

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012

- iv. The principal assumptions used in determining gratuity obligations for the Company's plan as at 31 March 2012:

### Gratuity

Particulars	As at 31 March 2012	As at 31 March 2011
a. Discount Rate	8.50%	8.40%
b. Rate of increase in compensation cost	7.50%	7.50%
c. Expected average remaining working lives of employees (years)	12.33	14.27

- v. Amounts for the current and previous years are as follows:

(₹ in Lakhs)

	31 March 2012	31 March 2011	31 March 2010
Defined benefit obligation	18.73	7.34	4.25
Plan assets	NA	NA	NA
Surplus / (deficit)	(18.73)	(7.34)	(4.25)
Experience adjustments on plan liabilities	(25.96)	(0.98)	(0.07)
Experience adjustments on plan assets	NIL	NIL	NIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012

### NOTE 28: SEGMENT REPORTING

(₹ in Lakhs)

Particulars		Year ended (Audited)	
		31 March 2012	31 March 2011
<b>1</b>	<b>Segment Revenue</b>		
a	- Windpower generation	610.70	413.88
b	- Investments (Securities & Properties)	7,205.37	6,461.48
	<b>Net Sales / Income from Operations</b>	<b>7,816.07</b>	<b>6,875.36</b>
<b>2</b>	<b>Segment Results</b>		
	Profit (+) / Loss (-) before tax and interest from each segment		
a	- Windpower generation	243.17	50.54
b	- Investments (Securities & Properties)	6,697.67	6,086.61
	<b>Total</b>	<b>6,940.84</b>	<b>6,137.15</b>
	Less:		
	Other Unallocable expenditure net off unallocable income	18.74	116.70
	<b>Total Profit Before Tax</b>	<b>6,922.10</b>	<b>6,020.45</b>
<b>3</b>	<b>Total carrying amount of Segment / Corporate assets</b>		
a	- Windpower generation	1,399.13	1,549.07
b	- Investments (Securities & Properties)	58,916.31	53,125.80
c	- Unallocable corporate assets	877.66	579.01
	<b>Total Assets</b>	<b>61,193.10</b>	<b>55,253.88</b>
<b>4</b>	<b>Total amount of Segment / Corporate liabilities</b>		
a	- Windpower generation	44.39	39.24
b	- Investments (Securities & Properties)	1,150.82	998.36
c	- Unallocable corporate liabilities	587.40	536.44
	<b>Total Liabilities</b>	<b>1,782.61</b>	<b>1,574.04</b>
<b>5</b>	<b>Capital Employed</b>		
	(Segment assets - Segment liabilities)		
a	- Windpower generation	1,354.74	1,509.83
b	- Investments (Securities & Properties)	57,765.49	52,127.44
c	- Unallocable corporate assets less liabilities	290.26	42.57
	<b>Total capital employed in the Company</b>	<b>59,410.49</b>	<b>53,679.84</b>
<b>6</b>	<b>Total cost incurred during the year to acquire segment assets that are expected to be used during more than one period</b>		
a	- Windpower generation	0.50	3.93
b	- Investments (Securities & Properties)	18.95	61.32
c	- Unallocable corporate assets	11.41	11.59
	<b>Total assets acquired</b>	<b>30.86</b>	<b>76.84</b>
<b>7</b>	<b>Depreciation &amp; Amortisation</b>		
a	- Windpower generation	271.91	271.91
b	- Investments (Securities & Properties)	29.23	30.23
c	- Unallocable Corporate Depreciation	15.42	3.34
	<b>Total Depreciation &amp; Amortisation</b>	<b>316.56</b>	<b>305.48</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012

### NOTE 29:

#### RELATED PARTY DISCLOSURE

Related parties, as defined under Clause 3 of Accounting Standard (AS 18) "Related Party Disclosures" prescribed by Companies (Accounting Standards) Amendment Rules, 2006, have been identified on the basis of representation made by the Key Management Persons and taken on record by the Board of Directors. Disclosures of transactions with Related Parties are as under:

#### (a) Name of the related party and nature of relationship :

<b>1. Associate Companies</b>		
<ul style="list-style-type: none"> <li>- Kothrud Power Equipments Limited</li> <li>- Kirloskar Ferrous Industries Limited</li> </ul>		
<b>2. Key Management Personnel &amp; their relatives</b>		
<b>Key Management Personnel</b>		<b>Relatives of Key Management Personnel and relationship</b>
<b>Name</b>	<b>Designation</b>	
Atul C. Kirloskar (Managing Director Upto 22 October 2010) *	Chairman and Managing Director	Arti A. Kirloskar, Wife Rahul C. Kirloskar, Brother
Nihal G. Kulkarni (upto 25 January 2012)	Managing Director	Gautam A. Kulkarni, Father Jyotsna G. Kulkarni, Mother
Aditi Chirmule (with effect from 25 January 2012)	Executive Director & Company Secretary	None
<b>3. * Companies where Key Management Personnel and their relatives have significant influence</b>		
<ul style="list-style-type: none"> <li>- Kirloskar Consultants Limited (upto 22 October 2010)</li> <li>- Kirloskar Integrated Technologies Limited (upto 22 October 2010)</li> </ul>		

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012

### Related Party Transactions:

(₹ in Lakhs)

Nature of transaction	Year	Associate Companies	Key Management Personnel	Relatives of Key Management Personnel	Companies over which key management personnel or their relatives held significant influence
Reimbursement of expenses received	<b>2011-12</b>	–	–	–	–
	2010-11	–	–	–	2.51
Expenses rendering of services	<b>2011-12</b>	–	<b>121.84#</b>	–	–
	2010-11	–	74.66	–	–
Dividend Paid	<b>2011-12</b>	–	–	<b>50.58</b>	–
	2010-11	–	–	–	–
Dividend Received	<b>2011-12</b>	<b>659.92</b>	–	–	–
	2010-11	659.92	–	–	–
Licensing fees received	<b>2011-12</b>	<b>7.94</b>	–	–	–
	2010-11	7.94	–	–	33.22
Investments Purchased	<b>2011-12</b>	–	–	–	–
	2010-11	–	4,154.62	9,146.37	–
Investments Sold	<b>2011-12</b>	–	–	<b>946.43</b>	–
	2010-11	–	–	–	–
Outstanding as at 31 March 2012					
Receivable	<b>2011-12</b>	<b>0.31</b>	–	–	–
	2010-11	–	–	–	–
Provisions	<b>2011-12</b>	<b>0.31</b>	–	–	–
	2010-11	–	–	–	–
Payable	<b>2011-12</b>	–	<b>56.35</b>	–	–
	2010-11	–	50.00	–	–
Investments	<b>2011-12</b>	<b>16,347.20</b>	–	–	–
	2010-11	16,347.20	–	–	–

# As the liabilities for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, the amounts pertaining to the Managing Director and the Executive Director are not included above.

The amount includes, the gratuity of ₹ 3.50 Lakhs and leave encashment of ₹ 0.75 Lakhs paid to Mr.Nihal Kulkarni, Managing Director upon separation and represents settlement of liability as at the date of separation and as such does not pertain only to the year 2011-12.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012

### NOTE 30: LICENSING FEES

The Company has given land and buildings on leave and license. The details of future minimum license fees receivable are as under:

Particulars	(₹ in Lakhs)	
	As at 31 March 2012	As at 31 March 2011
<b>Minimum License Fees Receipts:</b>		
Not later than one year	1,401.22	2,147.41
Later than one year but not later than five years	93.07	1,334.51
Later than five years	-	-
<b>Total</b>	<b>1,494.29</b>	<b>3,481.92</b>

### NOTE 31: EARNINGS PER SHARE (BASIC AND DILUTED)

Particulars	(₹ in Lakhs)	
	For the year ended 31 March 2012	For the year ended 31 March 2011
Net Profit after tax as per Statement of Profit and Loss (₹ in Lakhs)(A)	6,745.60	5,533.57
Total number of equity shares at the end of the year (B)	9,708,650	9,708,650
Basic and Diluted Earnings Per Share (in ₹) (Nominal value of ₹ 10/- per share )(A)/(B)	69.48	57.00

### NOTE 32: DEFERRED TAX LIABILITIES/ (ASSETS)(NET)

Particulars	(₹ in Lakhs)					
	As at 31 March 2010	Arising during the year 2010-11	As at 31 March 2011	Arising during the year 2011-12	Amount written off/(back)	As at 31 March 2012
<b>(i) Deferred Tax Liabilities</b>						
Timing difference on account of:						
Differences in depreciation in block of fixed assets as per tax books and financial books	568.29	0.55	568.84	--	(568.84)	--
<b>(ii) Deferred Tax Assets</b>						
Timing difference on account of:						
Expense disallowed under Income Tax Act, 1961	(3.57)	(1.67)	(5.24)	--	5.24	--
<b>Deferred Tax Liability / (Asset) (Net) [i-ii]</b>	<b>564.72</b>	<b>(1.12)</b>	<b>563.60</b>	<b>--</b>	<b>(563.60)*</b>	<b>--</b>

\* With reference to Accounting Standards Interpretation (ASI) - 3 (Revised) "Accounting for taxes on Income in the situations of Tax Holiday under Sections 80-IA and 80-IB of the Income Tax Act, 1961", deferred tax asset/ liability is not to be recognized on the timing differences which reverse during the tax holiday period. As such the deferred tax liability(net) has been reversed during the year.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012

**NOTE 33:**  
DISCLOSURE REQUIRED AS PER CLAUSE 32 OF THE LISTING AGREEMENT ARE AS FOLLOWS (₹ in Lakhs)

Name of the Company	Loans and Advances		Investments	
	Amount outstanding as at 31 March 2012	Maximum balance outstanding during the year	Amount outstanding as at 31 March 2012	Maximum balance outstanding during the year
<b>Associate</b>				
Kirloskar Ferrous Industries Limited	--	--	16,347.20	16,347.20

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

**NOTE 34:**

On the basis of information available with the Company regarding the status of suppliers as defined under the "Micro Small and Medium Enterprises Development Act 2006", there are no suppliers covered under the above mentioned Act and hence the question of provision or payment of interest and related disclosures under the said Act does not arise.

**NOTE 35:**

Till the year ended 31st March 2011, the Company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31st March 2012, the Revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Company has reclassified previous year figures to conform to this year's classification. However, it significantly impacts presentation and disclosures made in the Financial Statements, particularly presentation of Balance Sheet. The following is a summary of significant effects of that Revised Schedule VI had on presentation of Balance Sheet of the Company for the year ended 31st March 2011:

Sr. No.	Schedule No. in Pre Revised Schedule VI	₹ in Lakhs	Note As per Revised Schedule VI
1	Schedule No. 1 'Share Capital'	970.87	Note No. 3 'Share Capital'
2	Schedule No. 2 'Reserves and Surplus'	52,145.37	Note No. 4 'Reserves and Surplus'
3	Schedule No. 3 'Fixed Assets' Tangible Assets (Net Block)	2,651.97	
	<u>Regrouped as:</u> Investment Property (Land and Building)	1,127.26	Note No. 11 'Non-Current Investments'
	Intangible Asset	0.83	Note No. 10 'Fixed Assets' - Intangible Assets (owned)
	Tangible Assets (Net Block)	1,523.88	Note No. 10 'Fixed Assets' - Tangible Assets (owned)
		2,651.97	
4	Schedule No. 4 'Investments' Investments	45,214.23	
	<u>Less:</u> Current Investments	200.03	Note No. 13 'Current Investments'
	<u>Add:</u> Land and Building	1,127.26	Note No. 11 'Non-Current Investments'
		46,141.46	Note No. 11 'Non-Current Investments'
5	Schedule No. 5 'Sundry Debtors, Unsecured' Sundry Debtors	27.99	
	<u>Regrouped as:</u> Current portion of Debtors for Wind Power generation	17.07	Note No. 14 'Trade Receivables'
	Current portion of Debtors for property licensing	10.92	Note No. 17 'Other Current Assets'
		27.99	

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012**

Sr. No.	Schedule No. in Pre Revised Schedule VI	₹ in Lakhs	Note As per Revised Schedule VI
6	Schedule No. 6 'Cash and Bank Balances' Cash and Bank Balance Less: Interest accrued on fixed deposits regrouped	6,933.49 4.79	Note No. 17 'Other Current Assets'
		6,928.70	Note No. 15 'Cash and Bank Balances'
7	Schedule No. 7 'Other Current Assets' Energy Credit Receivable from MSEDCL	52.58	Note No. 17 'Other Current Assets'- Unbilled revenue- Wind power
8	Schedule No. 8 'Loans and Advances'		
	<b>Total</b>	<b>373.61</b>	
	Advances recoverable in cash or in kind or for value received Considered Good Less: Non-Current portion of Loan to Employee Current portion of Loan to Employee Current portion of pre-paid expenses Current portion of Service Tax Credit Receivable	28.10 0.96 0.31 24.40 2.43	Note No. 12 'Long Term Loans & Advances' Note No. 16 'Short Term Loans & Advances' Note No. 16 'Short Term Loans & Advances' Note No. 16 'Short Term Loans & Advances'
		28.10	
	Advance to MUL, PTSL & Valves Division Allowance to Doubtful Debts	1,085.08 (1,085.08)	Note No. 12 'Long Term Loans & Advances' Note No. 12 'Long Term Loans & Advances'
		-	
	Sundry Deposit	10.06	Note No. 12 'Long Term Loans & Advances'
	Tax Paid in Advance MAT Credit Receivable Less: Provision for tax per contra Advance income tax net of provision for tax	1,356.05 322.00 1,342.60 335.45	Note No. 12 'Long Term Loans & Advances' Note No. 12 'Long Term Loans & Advances'
	<b>Total</b>	<b>373.61</b>	
12	Schedule No. 9 'Liabilities' <b>Total</b>	<b>1,275.78</b>	
	Sundry Creditors Less: <b>Non Current portion:</b> Retention Money Received Liability for ERS not generated Provision for Operation and Maintenance for Wind Mill Transmission and Wheeling Charges <b>Current Portion of:</b> Retention Money Commission Payable to Directors Tax deducted at source, service tax and VAT Salary and Reimbursements Creditors for expenses and assets as per Revised Schedule VI	158.38 0.27 2.92 27.00 2.50 - 53.90 4.97 1.45 65.38	Note No. 5 'Other Long Term Liabilities' Note No. 5 'Other Long Term Liabilities' Note No. 6 'Long Term Provisions' Note No. 7 'Trade Payables' Note No. 8 'Other Current Liabilities' Note No. 9 'Short Term Provisions' Note No. 8 'Other Current Liabilities' Note No. 8 'Other Current Liabilities' Note No. 8 'Other Current Liabilities'
		158.38	Note No. 8 'Other Current Liabilities'

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012**

Sr. No.	Schedule No. in Pre Revised Schedule VI	₹ in Lakhs	Note As per Revised Schedule VI
	Security Deposit	964.86	
	Less:		
	Current portion of Security Deposit	64.86	Note No. 8 'Other Current Liabilities'
	Security Deposit	900.00	Note No. 5 'Other Long Term Liabilities'
		964.86	
	Unclaimed Dividends	151.04	
	less: Unclaimed warrants	0.06	
		150.98	Note No. 8 'Other Current Liabilities'
	Unclaimed Redeemed Preference Share Capital	1.51	
	Add: Unclaimed Warrants	0.06	
	As per Revised Schedule VI	1.57	Note No. 8 'Other Current Liabilities'
	<b>Total</b>	<b>1,275.78</b>	
15	Schedule No. 10 'Provisions' Provisions	298.26	
	Provision for Employee Benefits		
	Non- Current portion of Gratuity	7.04	Note No. 6 'Long Term Provisions'
	Current portion of Gratuity	0.29	Note No. 9 'Short Term Provisions'
	Current portion of Leave Encashment	8.83	Note No. 9 'Short Term Provisions'
	Provision for Dividend(including dividend distribution tax)	282.09	Note No. 9 'Short Term Provisions'
		298.26	
16	Operating Income- 'Profit and Loss Account'		
	Income from operations	413.88	
	Add:		
	Interest Income	4.82	
		418.70	Note No. 18 'Revenue from Operations'
17	Schedule No.11 'Other Income'		
	Other Income	6,474.78	
	Less:		
	Interest Income	4.82	
		6,469.96	Note No. 19 'Other Income'
18	Schedule No. 12 'Employee Cost'	161.69	Note No. 20 'Employee Benefits Expenses'
19	Schedule No. 13 'Operating and Other Expenses'	401.05	Note No. 21 'Other Expenses'
20	Depreciation	305.49	Note No. 22 'Depreciation and Amortization Expense'

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2012****NOTE 36:**

Previous year's figures have been regrouped wherever considered necessary to make them comparable with those of the current year.

---

As per our attached report of even date.

For and on behalf of the Board of Directors.

For G. D. APTE & CO.  
Chartered Accountants  
Firm Registration Number: 100515W

NIHAL G. KULKARNI  
Director

A. N. ALAWANI  
Director

C. M. DIXIT  
Partner  
Membership Number: 17532

ADITI CHIRMULE  
Executive Director &  
Company Secretary

GIRISH S. PATNEKAR  
Head-Finance

Pune: 26 April 2012

Pune: 26 April 2012

*This page is intentionally left blank*

**KIRLOSKAR INDUSTRIES LIMITED**

Registered Office: 13/A, Karve Road  
Kothrud, Pune 411 038 (Maharashtra)

**ATTENDANCE SLIP**

**Annual General Meeting on 25 July 2012 at 11.00 a.m.**

Ledger Folio No. / DP ID and Client ID .....

Full name of the shareholder (in capital) .....

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

I hereby record my presence at the Annual General Meeting of the Company at S.M. Joshi Socialist Foundation (S.M. Joshi Hall) S. No. 191/192, Navi Peth, near Ganjave Chowk, Pune – 411 030, on Wednesday, 25 July 2012 at 11.00 a.m.

Shareholder's / Proxy's Signature .....

Proxy's full name (in capital) .....

**Note : Please fill in this Attendance Slip and hand over at the entrance of the Hall.**

-----TEAR HERE-----

**KIRLOSKAR INDUSTRIES LIMITED**

Registered Office: 13/A, Karve Road  
Kothrud, Pune 411 038 (Maharashtra)

**PROXY FORM**

I/We .....

L.F. No / DP ID and Client ID ..... of .....

being member/members of Kirloskar Industries Limited do hereby appoint .....

.....of.....or failing him/her ..... of ..... as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held at S.M. Joshi Socialist Foundation (S.M. Joshi Hall) S. No. 191/192, Navi Peth, near Ganjave Chowk, Pune – 411 030, on Wednesday, 25 July 2012 at 11.00 a.m. and at any adjournment/(s) thereof.

In witness whereof, I/we have set my/our hand /(s) on this ..... day of..... 2012.

(Signature of the member across the stamp)

Please affix 15 Paise Revenue Stamp

**Note: This form, 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 meeting.**

TEAR HERE

*This page is intentionally left blank*



*This page is intentionally left blank*

*This page is intentionally left blank*





Enriching Lives

**KIRLOSKAR INDUSTRIES LIMITED**

Regd. Office: 13/A, Karve Road, Kothrud, Pune - 411 038, INDIA.

Tel.: +91 (20) 2545 2721 Fax: +91 (20) 2545 4723

E-mail: [investorrelations@kirloskar.com](mailto:investorrelations@kirloskar.com) | Website: [www.kirloskar.com](http://www.kirloskar.com)