

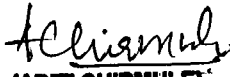

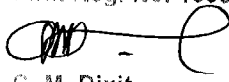




# KIRLOSKAR INDUSTRIES LIMITED

Enriching Lives

## FORM A

(SEBI Circular No. CIR/CFD/DIL/7/2012, dated 13 August 2012)

1.	Name of the Company	<b>Kirloskar Industries Limited</b>
2.	Annual financial statements for the year ended	<b>31 March 2013</b>
3.	Type of Audit observation	<b>Unqualified</b>
4.	Frequency of observation	<b>Not Applicable</b>
5.	To be signed by-	
	<ul style="list-style-type: none"><li>• CEO/Managing Director</li></ul>	<p><b>FOR KIRLOSKAR INDUSTRIES LTD.</b></p> <p> <b>(ADITI CHIRMULE)</b> Executive Director &amp; Company Secretary</p>
	<ul style="list-style-type: none"><li>• CFO</li></ul>	<p><b>For KIRLOSKAR INDUSTRIES LTD.</b></p> <p> <b>JASVANDI DEOSTHALE</b> Head - Finance</p>
	<ul style="list-style-type: none"><li>• Auditor of the Company</li></ul>	<p>For G. D. Apte &amp; Co. Chartered Accountants Cm Reg. No. 100515W</p> <p> <b>C. M. Dixit</b> Partner Membership No. 17532</p> 
	<ul style="list-style-type: none"><li>• Audit Committee Chairman</li></ul>	<p> <b>A. N. Alawani</b> Chairman Audit Committee</p>

Date: 29 April 2013



Enriching Lives

# KIRLOSKAR INDUSTRIES LIMITED

5 July 2013

Corporate Relationship Department  
BSE Limited,  
1<sup>st</sup> Floor, P. J. Towers,  
Dalal Street, Fort  
Mumbai – 400 001

Ref.: Scrip Code: 500243

Dear Sir,

**Subject: Annual Report for the period ended 31 March 2013**

Pursuant to Clause 31 of the Listing Agreement, please find enclosed six copies each of the following:

1. Annual Report for the year 2012-13
2. FORM A - Pursuant to SEBI Circular No. CIR/CFD/DIL/7/2012, dated 13 August 2012, format of covering letter of the Annual Audit Report to be filed with the stock exchanges
3. Notice of Annual General Meeting

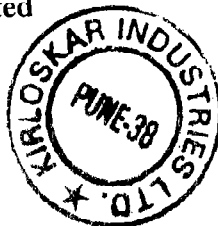
You are kindly requested to take the same on your record.

Thanking you,

Yours faithfully,

For Kirloskar Industries Limited

*A.V. Mali*  
Ashwini Mali  
Asst. Company Secretary &  
Compliance Officer



Encl: As above



# KIRLOSKAR INDUSTRIES LIMITED

Enriching Lives

## NOTICE

Notice is hereby given that the Annual General Meeting of Kirloskar Industries Limited will be held on Thursday, the 8th day of August 2013 at 11.00 a.m. at S. M. Joshi Socialist Foundation (S. M. Joshi Hall) S. No. 191/192, Navi Peth, near Ganjave Chowk, Pune – 411 030, to transact the following business:

### **ORDINARY BUSINESS:**

#### **ITEM NO. 1:**

To receive, consider and adopt the Audited Statement of Profit and Loss for the Financial Year ended 31 March 2013, the Balance Sheet as at that date and the Reports of the Board of Directors and Auditors thereon.

#### **ITEM NO. 2:**

To declare dividend on equity shares for the Financial Year ended on 31 March 2013.

#### **ITEM NO. 3:**

To appoint a Director in place of Mr. Shrikrishna N. Inamdar, who retires by rotation and being eligible, offers himself for re-appointment.

#### **ITEM NO. 4:**

To appoint a Director in place of Mr. Vijay K. Bajhal, who retires by rotation and being eligible, offers himself for re-appointment.

#### **ITEM No. 5:**

To appoint M/s. G. D. Apte & Co., Chartered Accountants, (Firm Registration Number 100515W) as Auditors of the Company for the period commencing from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board of Directors

Aditi Chirmule

Executive Director &  
Company Secretary

Place: Pune

Date: 29 April 2013



## KIRLOSKAR INDUSTRIES LIMITED

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### NOTES:

- i. **A MEMBER OF THE COMPANY ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- ii. Proxies, if any, in order to be effective must be received at the Company's Registered Office not later than 48 hours before the time fixed for holding the meeting. Proxies shall not have any right to speak at the meeting.
- iii. Pursuant to Section 173 of the Companies Act, 1956, an Explanatory Statement in respect of the businesses mentioned under Item No. 3 and 4 above, is annexed.
- iv. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 1 August 2013 to Thursday, 8 August 2013, both days inclusive.
- v. Dividend on shares as recommended by the Directors, if declared, at this Annual General Meeting, will be paid to those members whose names will appear on the Register of Members as on 8 August 2013. In respect of the shares in the electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.
- vi. Pursuant to Section 205A of the Companies Act, 1956, the amount of unclaimed final dividend for the year ended 31 March 2005 has already been transferred to the 'Investor Education and Protection Fund' on 16 August 2012.
- vii. Pursuant to Sections 205A and 205C of the Companies Act, 1956, any money transferred to the unpaid dividend account, which remains unpaid or unclaimed for a period of 7 years from the date of such transfer is now required to be transferred to the 'Investor Education and Protection Fund' set up by the Central Government. Accordingly, the unpaid / unclaimed dividend for the years 2005 – 06 onwards will become transferable at the end of respective seven years to the said Fund. Once the amount is so transferred, no claim shall lie against the Fund or the Company in respect of dividend amount thereafter. Shareholders are requested to send their claims, if any, for the Financial Year 2005–06 onwards, before the amount becomes due for transfer to the above Fund. Shareholders are requested to encash the dividend warrants immediately on their receipt by them.
- viii. In order to get their dividend through National Electronic Clearing Service (NECS), members who are holding shares in physical form are requested to inform their bank account details such as the name of the bank, branch, its address, account number, 9 digit MICR code, IFSC code and type of account i.e. Savings or Current or Cash Credit etc. to Link Intime India Private Limited, the Registrar and Share Transfer Agent of the Company having its office at 'Akshay' Complex, Block No. 202, 2nd Floor, Off Dhole Patil Road, Near Ganesh Temple, Pune – 411 001. Shareholders holding shares in dematerialised form are requested to inform their bank account particulars to their respective Depository Participant and not to the Registrar and Share Transfer Agent / the Company. Those shareholders who do not opt for NECS facility may inform only Bank Account No. and Bank name for printing the same on the dividend warrant to ensure safety.  
  
Members who wish to avail the above facility are requested to submit required information to the Registrar and Share Transfer Agent on or before the closing hours on Wednesday, 31 July 2013.
- ix. Members are requested to immediately notify the Registrar and Share Transfer Agent (Depository Participant, in case of shares held in dematerialised form) of any change in their address.
- x. In case members wish to ask for any information about accounts and operations of the Company, they are requested to send their queries in writing at least 7 days in advance of the date of the meeting so that the information can be made available at the time of the meeting.



## KIRLOSKAR INDUSTRIES LIMITED

Enriching Lives

- xi. Members may avail of the facility of dematerialisation by opening depository accounts with the Depository Participants of either National Securities Depository Limited or Central Depository Services (India) Limited and get the equity share certificates held by them dematerialised.
- xii. Members are requested to bring their attendance slip and copy of the Annual Report at the meeting.
- xiii. Members are requested to register their e-mail addresses with the Company / the Registrar and Share Transfer Agent in case of holding of shares in physical form and with concerned Depository Participants in case of shares held in dematerialised form.

By Order of the Board of Directors

A handwritten signature in black ink, appearing to read "A Chirmule".

Aditi Chirmule  
Executive Director &  
Company Secretary

Place: Pune  
Date: 29 April 2013



**KIRLOSKAR INDUSTRIES LIMITED**

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**ANNEXURE TO THE NOTICE  
EXPLANATORY STATEMENT**

As required by Section 173 of the Companies Act, 1956, and pursuant to Clause 49 of the Listing Agreement, the following Explanatory Statement sets out all material facts relating to Item Nos. 3 and 4 in the accompanying notice of Annual General Meeting of the Company to be held on Thursday, 8 August 2013 at 11.00 a.m. at S. M. Joshi Socialist Foundation (S. M. Joshi Hall) S. No. 191/192, Navi Peth, near Ganjave Chowk, Pune – 411 030.

**ITEM NO. 3 OF THE NOTICE:**

Mr. Shrikrishna N. Inamdar retires by rotation and being eligible, offers himself for re-appointment.

He holds 1,432 (0.01%) equity shares in the Company.

A brief profile of Mr. Shrikrishna N. Inamdar is included in the Report on Corporate Governance attached to the Directors Report.

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

**ITEM NO. 4 OF THE NOTICE:**

Mr. Vijay K. Bajhal retires by rotation and being eligible, offers himself for re-appointment.

He does not hold any equity shares in the Company.

A brief profile of Mr. Vijay K. Bajhal is included in the Report on Corporate Governance attached to the Directors Report.

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

By Order of the Board of Directors

Aditi Chirmule

Executive Director &  
Company Secretary

Place: Pune

Date: 29 April 2013



## KIRLOSKAR INDUSTRIES LIMITED

Enriching Lives

Dear Shareholder,

### **Subject: Green Initiative - Registration of E-mail address**

The Ministry of Corporate Affairs (MCA) had taken a "Green Initiative in the Corporate Governance" vide its Circular Nos. 17/2011 and 18/2011 dated 21.04.2011 and 29.04.2011, respectively and had permitted the companies to serve the documents viz. annual reports, notices of general meetings/ postal ballot, other documents etc. to the shareholders through electronic mode.

SEBI, vide its circular ref. No. CIF/CFD/DIL/2011 dated 5 October 2011, has directed listed companies to supply soft copies of full annual reports to all those shareholders who have registered their email addresses.

Your Company, being dedicated towards preserving and protecting environment, continuously seeks opportunities to reduce adverse impact on the planet. In order to continue our support for this year also towards "Green Initiative", your Company has decided to have paperless documentations to the maximum possible extent by forwarding the above referred documents to you through electronic mode. This will also ensure prompt receipt of communication and avoid loss in postal transit.

We therefore request you to register your E-mail address and / or changes therein from time to time with the Company's Registrar and Share Transfer Agent (R & T Agent) at [kirloskarindgogreen@linkintime.co.in](mailto:kirloskarindgogreen@linkintime.co.in), in case you are holding shares in physical mode by filling up the form appearing on reverse of this communication and with your Depository Participant (DP), in case you are holding shares in dematerialised mode.

In case you require physical copies of annual reports and other documents, you may send an email at [kirloskarindgogreen@linkintime.co.in](mailto:kirloskarindgogreen@linkintime.co.in) or write to the Company's R & T Agent viz. Link Intime India Private Limited at 'Akshay' Complex, Block No. 202, 2nd Floor, Off Dhole Patil Road, Pune – 411 001, by quoting the name of first / sole shareholder, Folio no./DP ID and Client ID. The above documents will be sent to you free of cost.

We request your whole-hearted support to this "Green Initiative" by opting for electronic mode of communication.

Thanking you,

Yours faithfully,  
For **Kirloskar Industries Limited**

**Aditi Chirmule**  
**Executive Director &**  
**Company Secretary**

Place: Pune

Date: 17 May 2013

Registered Office : 13/A, Karve Road, Kothrud, Pune - 411 038  
Tel. No. : +91 (20) 2545 2721 Fax : +91 (20) 2545 4723  
Website : [www.kirloskar.com](http://www.kirloskar.com)

## REGISTRATION OF E-MAIL ADDRESS FORM

(In terms of Circular Nos.17/2011 and 18/2011 dated 21.04.2011 and 29.04.2011, respectively issued by the Ministry of Corporate Affairs)  
( For shares in physical mode)

### Link Intime India Private Limited

(Unit: Kirloskar Industries Limited)  
'Akshay' Complex, Block No.202,  
Near Ganesh Temple,  
Off Dhole Patil Road,  
Pune - 411 001

I / We shareholder(s) of Kirloskar Industries Limited hereby accord my / our approval to receive documents viz. annual reports, notices of general meetings postal ballot, and such other documents that the Ministry of Corporate Affairs may allow to be sent in electronic mode.

I / We request you to note my / our latest email address, as mentioned below. If there is any change in the E-mail address, I / We will promptly communicate the same to you. I / We attach the self attested copy of PAN Card / Passport towards identification proof for the purpose of verification.

Folio No.	
Name of first/sole shareholder	
Name of joint shareholder(s) if any	
Registered Address	
E-mail address (to be registered)	

Place:

Date:

\_\_\_\_\_  
(Signature of shareholder)

Note: This form is available on Company's website [www.kirloskar.com](http://www.kirloskar.com)

**TEAR HERE**

(For Shares in dematerialized mode)

You are requested to register you E-mail address and/or changes therein from time to time with your Depository Participant.



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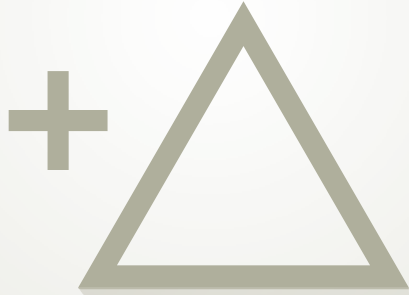
Enriching Lives

**KIRLOSKAR INDUSTRIES LIMITED**

Annual Report 2012-13

*Decades of positive change*





***Positive Change!***

*It has been our reason to be, for decades now. And, it is this thought that has been the inspiration behind a gazillion smiles, across the globe.*

Through critical engineering solutions across industries; be it the water that quenches thirst of millions across regions or keeps mega power plants cool, or the engines that power countless applications, generating sets that provide standby power from telecom to defence and the refrigeration that saves millions of tonnes of food stock - Kirloskar has been working reliably and efficiently to spread and earn more and more smiles.



To see how Kirloskar has brought positive change, watch Television Commercials at [www.kirloskarsolutions.in](http://www.kirloskarsolutions.in)



Annual Report for the year ended on 31 March 2013

**BOARD OF DIRECTORS**

Mr. Atul C. Kirloskar	Chairman
Ms. Aditi V. Chirmule	Executive Director & Company Secretary
Mr. Anil N. Alawani	Director
Mr. Nihal G. Kulkarni	Director
Ms. Gauri A. Kirloskar	Director
Mr. Shrikrishna N. Inamdar	Director
Mr. Anant R. Sathe	Director
Mr. Vijay K. Bajhal	Director
Mr. Vikram S. Kirloskar	Director (resigned as Director of the Company with effect from 18 May 2012)

**ASSISTANT COMPANY SECRETARY**

Mrs. Ashwini V. Mali

**AUDITORS**

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

**BANKERS**

HDFC Bank Limited

**REGISTRAR & SHARE TRANSFER AGENT**

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

**REGISTERED OFFICE**

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

**Information for shareholders**

Annual General Meeting	
Day & Date	: Thursday, 8 August 2013
Time	: 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
Proposed Dividend	: 40% (₹ 4/- per share of ₹ 10/- each)
Date of Book Closure	: 1 August 2013 to 8 August 2013 (both days inclusive)

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## Decade at a glance

(₹ in Millions)

Sr. No.	Particulars	2012-13	2011-12	2010-11	2009 -10*	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
1	Net Sales	131	138	41	47	21,100	21,564	18,830	13,953	11,486	10,025
2	Profit Before Tax	430	692	602	422	1,805	1,874	2,395	2,460	2,013	1,056
3	Profit After Tax	361	675	553	387	1,159	1,190	1,784	2,006	1,739	708
4	Dividend Amount	39	39	24	***291	194	388	388	388	243	194
5	Dividend (%)	40	40	25	***75	50	100	200	200	125	100
6	Earning Per Share (₹)**	37	69	57	40	6	6	18	21	18	7
7	Book Value Per Share (₹)**	645	612	548	493	49	47	88	74	58	43
8	Share Capital	97	97	97	97	388	388	194	194	194	194
9	Reserves and Surplus	6,160	5,844	5,215	4,689	9,212	8,762	8,319	6,990	5,427	3,963
10	Shareholders' Funds	6,257	5,941	5,312	4,786	9,601	9,150	8,513	7,184	5,621	4,157
11	Loan Funds	-	-	-	-	3,490	3,429	1,063	670	517	297
12	Total Capital Employed	6,257	5,941	5,312	4,786	13,091	12,579	9,577	7,854	6,138	4,454
13	Gross Block	441	442	439	431	9,924	9,213	5,305	4,834	4,215	3,864
14	Net Block	205	237	265	288	6,730	7,109	3,322	1,922	1,447	1,295
15	Net Current Assets	792	560	581	299	1,959	1,003	1,245	1,030	974	1,195

\* 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 31 March 2010, under the 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 2013.

### Financial Performance:

Particulars	2012-2013 ₹ (in lakhs)	2011-2012 ₹ (in lakhs)
Total Income	5,179.84	7,863.45
Total Expenditure	883.94	941.35
Profit before exceptional items and taxation	4,295.90	6,922.10
Profit before taxation	4,295.90	6,922.10
Provision for tax (including Deferred Tax)	685.00	176.50
Net Profit	3,610.90	6,745.60
Balance of Profit/(Loss) from previous year	25,656.40	21,385.83
Surplus available for appropriation	29,267.30	28,131.43

### Appropriations:

Your Directors propose to appropriate the available surplus as follows:

Particulars	2012-2013 ₹ (in lakhs)	2011-2012 ₹ (in lakhs)
Transfer to Reserve Fund in terms of Section 45-IC of the Reserve Bank of India Act, 1934	722.18	1,349.12
Proposed Dividend	388.35	388.35
Tax on proposed dividend	63.00	63.00
Transfer to General Reserve	361.09	674.56
Balance carried to Balance Sheet	27,732.68	25,656.40

### Dividend:

Your Directors recommend a dividend of 40% (₹ 4/- per equity share of ₹ 10/- each) (previous year dividend was 40% i.e. ₹ 4/- per equity share of ₹ 10/- each) for the Financial Year ended 31 March 2013.

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

For the year under consideration, the Company was classified as Non Banking Financial Company (NBFC) - Core Investment Company (CIC) based on its financial assets and investment income for the previous year and is exempt from registration with the Reserve Bank of India (RBI).

Accordingly, the RBI has granted the Company exemption from the requirement of Registration under Section 45-IA (4) of the Reserve Bank of India Act, 1934, for carrying on the business of a Core Investment Company vide its letter dated 15 October 2012.

As per Audited Financial Statements for the Financial Year 2012-13, the financial assets of your Company are more than 50% of its total assets but its investment income is less than 50% of its total income. Hence, the Company will be declassified as NBFC-CIC with effect from 1 April 2013.

## **Management Discussion and Analysis:**

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

#### **Windmills:**

The Company has seven windmills in Maharashtra with total installed capacity of 5.6 Megawatt (MW). The windmills are located at Tirade Village, Tal-Akole, Dist. – Ahmednagar. The windmills have generated net wind energy of 96.08 lakhs units of electricity in the year under review as against 97.67 lakhs units of electricity in the previous year (1.62% decrease over the previous year). The decrease is mainly on account of unfavorable weather conditions.

The Company sells units of electricity generated, as per the permission received from the Maharashtra State Electricity Distribution Company Limited (MSEDCL) for sale of units to third parties.

All the seven windmills are registered with the National Load Dispatch Centre (NLDC) and are eligible for the Renewable Energy Certificates (RECs). During the year, the Company has sold 2,531 RECs. This has resulted in revenue of ₹ 37.96 lakhs (previous year ₹ 10.93 lakhs) during the year. The Company is having 7,776 RECs as on 31 March 2013.

The Company is registered under the Voluntary Carbon Standard (VCS) and is eligible for sale of Voluntary Emission Reduction Certificates (VERs). VERs for electricity units generated up to December 2008 had been certified. The economic crisis in the European Union (EU) has led to uncertainty in the markets and has resulted in steep fall in the carbon prices and also therefore VERs prices. This trend is expected to continue for some time.

The Company has not initiated the process of certification of VERs for the balance period due to the existing market scenario and will observe the market situation and take appropriate steps in this regard as and when situation improves.

#### **Others:**

The Company owns lands and buildings thereon, apartments and offices in Pune, Mumbai, Bangalore, New Delhi and Jaipur. The Company has granted these land and buildings, apartments and offices on leave and license basis to group and other companies. The Company had given apartments/offices at Pune, Mumbai, Bangalore and New Delhi on leave and license basis to group companies for part of the year, which are currently vacant. The Company is in the process of disposing off the vacant apartments/offices.

During the year under review, your Company made investments of ₹ 2,185.02 lakhs in equity shares of Kirloskar Pneumatics Company Limited (KPC) and ₹ 185.41 lakhs in equity shares of Kirloskar Ferrous Industries Limited (KFIL). Pursuant to the said investments, the Company's holdings in KPC and KFIL has increased to 4.58% and 48.61%, respectively as on 31 March 2013.

### **Company Performance:**

During the year under review, your Company earned an income of ₹ 5,180 lakhs (previous year ₹ 7,863 lakhs).

The profit before tax is at ₹ 4,296 lakhs (previous year ₹ 6,922 lakhs) after providing for depreciation of ₹ 312 lakhs (previous year ₹ 317 lakhs).

### **Human Resources:**

As on 31 March 2013, the Company has 9 employees on its roll, including the Executive Director & Company Secretary.

### **Concerns and Threats:**

Following are the identified risks / 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.
- The economic crisis in the European Union (EU) market leading to crash in carbon prices.
- Increase in the wheeling and transmission charges by the Government.



**Prospects:**

Wind energy generation is largely dependent on natural factors such as velocity of wind, continuity of the flow, etc. and are unpredictable and beyond the control. The Company's windmill project continues to be registered under the Renewable Energy Certificate Mechanism (REC), which entitles the Company to REC benefits.

**Internal Controls Systems and their adequacy:**

The Company has adequate internal control systems to ensure operational efficiency, accuracy and promptness in financial reporting and compliance of various laws and regulations.

The internal control system is supported by the internal audit process. An Internal Auditor has been appointed for this purpose. The Audit Committee of the Board reviews the Internal Audit Report and the adequacy and effectiveness of internal controls periodically.

**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. Shrikrishna N. Inamdar and Mr. Vijay K. Bajhal 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 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.

**Cash Flow:**

A Cash Flow Statement for the year ended 31 March 2013 is attached to the Balance Sheet.

**Corporate Governance:**

A report on 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	₹ 5,38,935.77

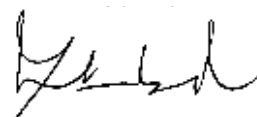
**Particulars of Employees:**

The Company has no particulars to report 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, and Notification dated 31 March 2011 issued by the Central Government.

**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: 29 April 2013



# KIRLOSKAR INDUSTRIES LIMITED

Enriching Lives

## FORM A

Pursuant to clause 31 of the Listing Agreement

Covering letter of the Annual Audit Report to be filed with the Stock Exchanges

(SEBI Circular No. CIR/CFD/DIL/7/2012, dated 13 August 2012)

1.	Name of the Company	Kirloskar Industries Limited
2.	Annual financial statements for the year ended	31 March 2013
3.	Type of Audit observation	Unqualified
4.	Frequency of observation	Not Applicable

For G. D. Apte & Co.  
Chartered Accountants  
Firm's Registration No. 100515W

Sd/-  
C. M. DIXIT  
Partner  
Membership No. 17532

Pune: 29 April 2013

For Kirloskar Industries Limited

Sd/-  
ADITI V. CHIRMULE  
Executive Director &  
Company Secretary

For Kirloskar Industries Limited

Sd/-  
ANIL N. ALAWANI  
Chairman – Audit Committee

For Kirloskar Industries Limited

Sd/-  
JASVANDI M. DEOSTHALE  
Head – Finance

Pune: 29 April 2013

## 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 2013, 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 2012, 25 July 2012, 22 October 2012, and 25 January 2013.

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

The information on composition and category of the Board of Directors as on 31 March 2013, attendance of each Director at Board Meetings held during the Financial Year 2012-2013 and the Annual General Meeting (AGM) held on 25 July 2012, 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 the meetings	
				Chairman/Chairperson	Member	Board	AGM
	<b>Executive Director</b>						
1	Ms. Aditi V. Chirmule	NA	2	1	1	4	Present
	<b>Non- Executive Directors</b>						
2	Mr. Atul C. Kirloskar*	13,94,753	8	1	1	4	Present
3	Mr. Nihal G. Kulkarni*	Nil	3	Nil	3	3	Present
4	Ms. Gauri A. Kirloskar*#	Nil	2	Nil	Nil	4	Present
5	Mr. Vikram S. Kirloskar*##	4,632	-	-	-	-	-
	<b>Independent and Non-Executive Directors</b>						
6	Mr. Anil N. Alawani	2,285	6	2	4	4	Present
7	Mr. Shrikrishna N. Inamdar	1,432	8	4	2	4	Present
8	Mr. Anant R. Sathe	Nil	4	Nil	4	4	Present
9	Mr. Vijay K. Bajhal	Nil	Nil	Nil	Nil	3	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 Director of the Company with effect from 26 April 2012.
  - ## Mr. Vikram S. Kirloskar resigned as Director of the Company with effect from 18 May 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 2013, Mr. Atul C. Kirloskar, Chairman of the Company and Ms. Gauri A. Kirloskar, being the father and daughter, are related to each other. None of the other Directors are related to any other Director within the 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;
- Details of any joint venture or collaboration agreement;
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property
- Significant labour problems and their proposed solutions;
- Significant development in human resources and industrial relation fronts;
- Non-compliance of any regulatory, statutory provision or listing requirements as well as shareholders service such as non-payment of dividend and delay in share transfer.
- Information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer or Company Secretary.

**III. Audit Committee****a. Composition**

The Audit Committee comprises of four Non- Executive Directors, majority of who are Independent. 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 2012, 25 July 2012, 22 October 2012 and 25 January 2013. The composition of the Committee and attendance at its meetings is given below:

Sr. No.	Name of the Member Director	Category	Number of meetings attended
1.	Mr. Anil N. Alawani (Chairman)	Non-Executive Independent	4
2.	Mr. Nihal G. Kulkarni	Non-Executive Non Independent	3
3.	Mr. Shrikrishna N. Inamdar	Non-Executive Independent	4
4.	Mr. Anant R. Sathe	Non-Executive Independent	4

**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 of the Company's financial reporting process and disclosures of financial information to ensure that the Financial Statements are 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, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause 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 the draft Audit Report.
  - h) 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 the Companies Act, 1956.

**c. Powers of Audit Committee**

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.



#### IV. Remuneration Committee

##### a. Composition

The Company has not set up a Remuneration Committee. The Board of Directors decides the remuneration of the 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 Executive Director. The Board also decides the commission payable to the 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 the Financial Year 2012-2013

Amount in ₹

Sr. No.	Name of Director	Basic Salary	Allowances	Perquisites	Sitting Fees	Commission	Total
1	<b>Executive Director</b> Ms. Aditi V. Chirmule	25,80,000	--	25,10,959	NA	10,00,000	60,90,959
	<b>Non-Executive Directors</b>						
2	Mr. Nihal G. Kulkarni	--	--	--	60,000	60,000	1,20,000
3	Mr. Atul C. Kirloskar	--	--	--	40,000	40,000	80,000
4	Mr. Vikram S. Kirloskar #	--	--	--	--	--	--
5	Ms. Gauri A. Kirloskar	--	--	--	40,000	40,000	80,000
6	Mr. Vijay K. Bajhal	--	--	--	30,000	30,000	60,000
7	Mr. Anil N. Alawani	--	--	--	90,000	90,000	1,80,000
8	Mr. Shrikrishna N. Inamdar	--	--	--	80,000	80,000	1,60,000
9	Mr. Anant R. Sathe	--	--	--	90,000	90,000	1,80,000
	<b>Total</b>	<b>25,80,000</b>	<b>--</b>	<b>25,10,959</b>	<b>4,30,000</b>	<b>14,30,000</b>	<b>69,50,959</b>

# Resigned as Director of the Company with effect from 18 May 2012.

##### Notes :

- Perquisites include leave travel assistance, reimbursement of medical expenses, term insurance premium, 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. Anil N. Alawani, an Independent Director, with Ms. Aditi V. Chirmule, Executive Director & Company Secretary and Mr. Anant R. Sathe being the other members of the Committee.

Mrs. Ashwini V. Mali, Assistant 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: Ashwini.Mali@kirloskar.com

The total numbers of complaints received and replied to the satisfaction of the shareholders during the year ended 31 March 2013 were 7 and there were no complaints outstanding as on 31 March 2013.

The Company had no share transfer requests pending as on 31 March 2013.

## 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
2011-12	25 July 2012	Annual General Meeting	S. M. Joshi Socialist Foundation (S. M. Joshi Hall), S. No. 191/192, Navi Peth, Near Ganjve Chowk, Pune 411 030	11.00 a.m.
2010-11	22 July 2011	Annual General Meeting	S. M. Joshi Socialist Foundation (S. M. Joshi Hall), S. No. 191/192, Navi Peth, Near Ganjve Chowk, Pune 411 030	02.00 p.m.
2009-10	28 July 2010	Annual General Meeting	Hotel Le Meridien, Raja Bahadur Mill Road, Pune 411 001	11.00 a.m.

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

- 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.
- Appointment of Ms. Aditi V. Chirmule as Executive Director & Company Secretary of the Company for a period of 5 years commencing from 25 January 2012.

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

## VII. Disclosures

- a. 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 Financial Statements in the Annual Report.
- b. There have been no instances of non-compliances by the Company on any matters related to capital markets, during the last three years. Neither penalties have been imposed nor any strictures imposed on the Company by the Stock Exchanges, The Securities and Exchange Board of India (SEBI) or any other statutory authority, on any matter related to capital markets.
- c. 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.
- d. Disclosure under Clause 5AII 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 5AII containing uniform procedure for dealing with unclaimed shares.





Pursuant to the said Clause, the Company had sent first reminder on 30 March 2011 and second reminder on 9 May 2011, to such shareholders whose share certificates are in undelivered form and hence have remained unclaimed, 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 2013, the total unclaimed equity shares were 42,429.

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

With reference to the General Circular No. 15/2011 – 52/5/CAB-2011 dated 11 April 2011 issued by the Government of India, Ministry of Corporate Affairs, Cost Audit Branch, New Delhi, following are the details of Cost Auditor and date of filing of Cost Audit Report with the Central Government:

Particulars of the Cost Auditor :	Details of filing Cost Audit Report for the period ended 31 March 2012
Joshi Apte & Associates (Firm Registration No. 000240) "CMA Pride", 1st Floor, Plot No. 6, S. No. 16/6, Erandwana Co-op. Hsg. Soc., Erandwana, Pune 411 004. E-mail : cma.joshi.apte@gmail.com	*Due Date : 27.09.2012  Filing Date: 29.01.2013

\*The Ministry of Corporate Affairs, Cost Audit Branch vide its General Circular No. 2/2013 dated 31st January, 2013 had allowed to file the Cost Audit Report and the Compliance Report for the financial year 2011–2012 with the Central Government in XBRL mode, without any penalty, upto 28th February, 2013.

- 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 2013.

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

**Mr. Shrikrishna N. Inamdar**

Mr. Inamdar is Commerce and Law Graduate and an Advocate by profession. He has been in practice for the last thirty seven years. He has specialized in tax and allied laws. He has had a brilliant academic career having stood first in Pune and Mumbai Universities, for B.Com and LLB examinations, respectively. He has also been associated with a number of public charitable institutions.

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

Mr. Shrikrishna N. Inamdar is a Director in the following other Companies:

Kirloskar Brothers Limited *	The Ugar Sugar Works Limited*
Kirloskar Ferrous Industries Limited*	Kulkarni Power Tools Limited
Finolex Industries Limited*@	Sakal Papers (P) Limited
Sudarshan Chemical Industries Limited**	Kirloskar Proprietary Limited
Apple Hospitals & Research Institute Limited	

\*Audit Committee- Chairman

\*\* Audit Committee- Member

@ Shareholders Grievance Committee - Member

Mr. Shrikrishna N. Inamdar is holding 1,432 (0.01%) equity shares of the Company.

Mr Shrikrishna N. Inamdar 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. Vijay K. Bajhal**

Mr. Vijay K. Bajhal, a Chartered Accountant has over forty years of experience in the field of Finance, Marketing and HRD. He has worked with Life Insurance Corporation of India (LIC), in India and abroad in different positions heading the regions and divisions of LIC. Headed the marketing division of western zone of LIC and also was chief (Organisation Improvement Cell- HRD) where he worked in close association with the International Consultants M/s. Booz Allen and Hamilton for reorganization / restructuring of LIC.

Mr. Vijay K. Bajhal 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.

**X. General Information for Shareholders****a) Annual General Meeting**

Date and Time	8 August 2013 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 2012 to 31 March 2013 During the year the financial results were announced as under: First quarter : 25 July 2012 Second quarter : 22 October 2012 Third quarter : 25 January 2013 Annual : 29 April 2013		
Date of Book Closure	From 1 August 2013 to 8 August 2013 ( Both days inclusive)		
Dividend payment date	On or before 22 August 2013		
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

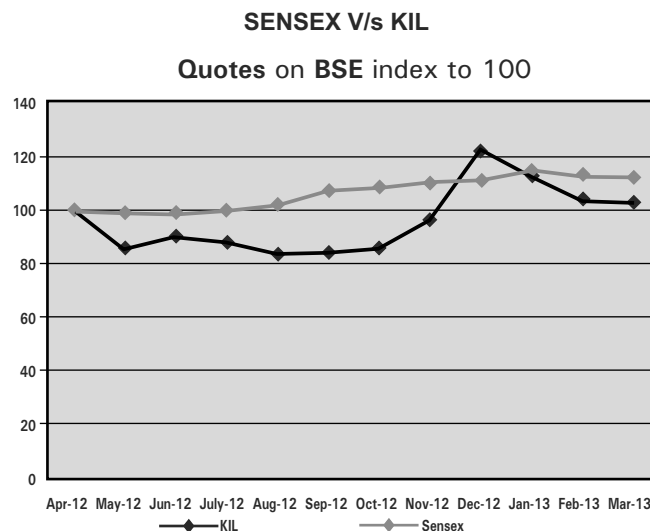
**b) Market Price Data**

Monthly high/low during the Financial Year 2012-2013 on the BSE and NSE:

Stock Exchange	BSE Limited		National Stock Exchange of India Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2012	374.00	293.00	379.00	286.05
May 2012	319.95	260.10	319.90	250.70
June 2012	337.00	263.40	307.65	262.10
July 2012	328.95	282.05	319.80	281.95
August 2012	312.85	285.50	313.75	288.60
September 2012	314.95	298.10	310.00	295.00
October 2012	321.00	300.25	319.20	300.00
November 2012	360.00	314.10	378.80	316.05
December 2012	423.05	350.00	422.95	350.10
January 2013	455.00	371.00	420.00	375.00
February 2013	420.00	377.70	430.00	365.90
March 2013	390.00	336.10	388.75	338.00


**c) Distribution of Shareholding as on 31 March 2013**

Share holding of Nominal Value Of (₹)	Shareholders		Share Amount	
	(1)	Number (2)	% to Total (3)	In ₹ (4)
Upto - 5,000	24,415	98.4913	62,50,880	6.4385
5001 - 10,000	205	0.8270	14,97,970	1.5429
10,001 - 20,000	83	0.3348	11,59,720	1.1945
20,001 - 30,000	37	0.1493	9,10,210	0.9375
30,001 - 40,000	8	0.0323	2,79,010	0.2874
40,001 - 50,000	10	0.0403	4,63,980	0.4779
50,001 - 1,00,000	13	0.0524	9,69,370	0.9985
1,00,001 and above	18	0.0726	8,55,55,050	88.1228
<b>TOTAL</b>	<b>24,789</b>	<b>100.0000</b>	<b>9,70,86,190</b>	<b>100.0000</b>

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

**e) Shareholding Pattern as on 31 March 2013**

Sr. No.	Category	No. of shares	%
1	Promoters @	64,96,038	66.91
2	Mutual Funds/UTI	2,949	0.03
3	Banks/Financial Institutions and Insurance Companies	4,65,745	4.80
4	Other Bodies Corporate	61,137	0.63
5	Foreign Institutional Investors	14,61,708	15.06
6	Clearing Members	5,691	0.06
7	NRI	11,400	0.11
8	General Public	12,03,951	12.40
	<b>TOTAL</b>	<b>97,08,619</b>	<b>100.00</b>

@A promoter has acquired 310 equity shares on 28 March 2013. 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 2013.

**f) Registrar and 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	'Akshay' Complex, Block No. 202, 2nd Floor, Off Dhole Patil Road, Pune – 411 001 Tel: (020) 2616 1629 / 2616 0084
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**g) Share Transfer System**

- a. The applications for transfer of shares lodged at the Company's Registrar and Share Transfer Agent in physical form are processed within 15 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 15 days of receipt of the certificate for transfer. Shares under objection are returned within a stipulated period of 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) 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](http://www.kirloskar.com).
- The Management Discussion and Analysis Report forms part of this Annual Report.

**i) Shareholder References**

- Permanent Account Number (PAN)  
Shareholders holding shares in the physical form are informed that as per SEBI's guidelines, it is mandatory to furnish copy of PAN Card in the following cases:
  - a) Transferees' PAN Cards for transfer of shares,
  - b) Surviving joint holders' PAN Cards for deletion of name of deceased shareholder,
  - c) Legal heirs' PAN Cards for transmission of shares,
  - d) Joint holders' PAN Cards for transposition of shares.
- **Email Address**  
In order to enable us to further extend our support towards paperless compliance as a part of Green Initiative in the Corporate Governance, which was introduced by the Ministry of Corporate Affairs (MCA) in the year 2011, the shareholders who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses.  
In respect of shares held in physical form, shareholders are requested to register their e-mail addresses with the Company/ R & T Agent (with Depository Participants in case of shares held in dematerialised form).
- **Dematerialisation of shares**  
Shareholders are requested to dematerialise their physical share holdings through any of the nearest Depository Participants (DPs) in order to avoid hassles involved with physical shares such as possibility of loss/mutilation of share certificate(s), and to ensure safe and speedy transaction in securities.
- **Register Your National Electronic Clearing Services (NECS) Mandate**  
The Reserve Bank of India (RBI) has initiated NECS for credit of dividend directly to the Bank Account of shareholders. Shareholders holding shares in electronic mode are requested to register their latest Bank Account details with their Depository Participant and in physical form with the Company's R & T Agent viz. Link Intime India Private Limited.

**j) Dematerialisation of shares and liquidity**

As on 31 March 2013 94,67,043 equity shares being 97.51% 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.

**k) Outstanding GDR/ADR/Warrants or any convertible instruments, conversion date and impact on equity -**

Not applicable.

**l) Location of Windmills:**

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

**m) 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 Members,

I, Aditi V. 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 1 April 2005.



Aditi Chirmule  
Executive Director &  
Company Secretary

Place: Pune

Date: 29 April 2013

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

We have examined the compliance of conditions of Corporate Governance by Kirloskar Industries Limited ('the Company'), for the year ended 31 March 2013, as stipulated in Clause 49 of the Listing Agreement 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

Place : Pune

Date : 29 April 2013



## Independent Auditors' Report

To,  
The Members of Kirloskar Industries Limited

### Report on the Financial Statements

We have audited the accompanying Financial Statements of Kirloskar Industries Limited (the Company), which comprise the Balance Sheet as at 31st March 2013, the Statement of Profit & Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the Financial Statements

Management is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956, (the Act). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2013;
- 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.

### Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 (the Order) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227 (3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c. 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.
  - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956.
  - e. On the basis of written representations received from the directors as on 31st March 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2013, from being appointed as a Director in terms of clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.

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

C. M. DIXIT  
Partner  
Membership Number. 17532

Pune, April 29, 2013

## Annexure referred to in paragraph 1 under the heading 'Report on other legal and regulatory requirements' 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 inventories [Renewable Energy Certificates (RECs) and Voluntary Carbon Units (VCUs)] of 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 acquisition of inventories viz. RECs and VCUs 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, cess and other material statutory dues applicable to it. According to the information and explanations given to us and from the records of the Company, 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 (₹ 2.38 lakhs) & CESTAT-Mumbai (₹ 0.52 lakhs)
Income Tax Act, 1961	Disallowance of certain expenses	206.34 (Since paid under protest)	2009-10	Commissioner of Income Tax (Appeals)





- 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 29, 2013

## BALANCE SHEET AS AT 31 MARCH 2013

		(₹ in lakhs)	
		As at	As at
		31 March 2013	31 March 2012
<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	61,599.17
<b>2</b>	<b>Non-current liabilities</b>		
(a)	Other long term liabilities	5	1,136.19
(b)	Long-term provisions	6	47.58
<b>3</b>	<b>Current liabilities</b>		
(a)	Trade payables	7	4.07
(b)	Other current liabilities	8	166.93
(c)	Short-term provisions	9	531.76
	<b>TOTAL</b>	<b>64,456.57</b>	<b>61,189.51</b>
<b>II.</b>	<b>ASSETS</b>		
	<b>Non-current assets</b>		
<b>1</b>	(a) Fixed assets		
	- Tangible assets	10	983.20
	- Intangible assets	10	0.47
(b)	Non-current investments	11	54,209.54
(c)	Long-term loans and advances	12	637.06
<b>2</b>	<b>Current assets</b>		
(a)	Current investments	13	-
(b)	Inventories		1.36
(c)	Trade receivables	14	28.57
(d)	Cash and Bank Balances	15	8,289.80
(e)	Short-term loans and advances	16	37.33
(f)	Other current assets	17	269.24
	<b>TOTAL</b>	<b>64,456.57</b>	<b>61,189.51</b>
<b>Notes forming part of the Financial Statements:</b>		Note No. 1, 2 and 23 to 35	-

As per our attached report of even date.

For and on behalf of the Board of Directors.

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

ATUL C. KIRLOSKAR  
Chairman

ANIL N. ALAWANI  
Director

C. M. DIXIT  
Partner  
Membership Number: 17532

ADITI V. CHIRMULE  
Executive Director &  
Company Secretary

JASVANDI M. DEOSTHALE  
Head-Finance

Pune: 29 April 2013

Pune: 29 April 2013



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2013

(₹ in lakhs)

	Note No.	2012 - 2013	2011 - 2012
<b>I. Revenue from operations</b>	18	<b>1,306.27</b>	1,381.12
<b>II. Other income</b>	19	<b>3,873.57</b>	6,482.33
<b>III. Total Revenue (I + II)</b>		<b>5,179.84</b>	7,863.45
<b>IV. Expenses:</b>			
Cost of Renewable Energy Credit and Voluntary Carbon units sold		<b>1.58</b>	4.61
Employee benefits expense	20	<b>92.09</b>	197.52
Other expenses	21	<b>478.40</b>	422.66
Depreciation and amortization expense	22	<b>311.87</b>	316.56
<b>V Total expenses</b>		<b>883.94</b>	941.35
<b>VI Profit / (Loss) before tax (III- V)</b>		<b>4,295.90</b>	6,922.10
<b>VII Tax expense/ (income):</b>			
(1) Current tax (including wealth tax)		<b>685.00</b>	1,140.10
(2) Deferred tax earlier years		-	(563.60)
(3) MAT Credit Entitlement		-	(400.00)
Total		<b>685.00</b>	176.50
<b>VIII Profit/ (Loss) for the year (VI-VII)</b>		<b>3,610.90</b>	6,745.60
<b>IX Earnings/(loss) per equity share</b> [Nominal value of Share ₹10/- (31 March 2012 ₹10/-)]		₹	₹
Basic & Diluted		<b>37.19</b>	69.48
<b>Notes forming part of the Financial Statements:</b>	Note No. 1, 2 and 23 to 35		

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: 100515WATUL C. KIRLOSKAR  
ChairmanANIL N. ALAWANI  
DirectorC. M. DIXIT  
Partner  
Membership Number: 17532ADITI V. CHIRMULE  
Executive Director &  
Company SecretaryJASVANDI M. DEOSTHALE  
Head-Finance

Pune: 29 April 2013

Pune: 29 April 2013

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

(₹ in lakhs)

	2012 - 2013	2011 - 2012
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	4,295.90	6,922.10
<u>Non-cash adjustment to reconcile profit before tax to net cash flows:</u>		
Add:		
Depreciation / amortization	311.87	316.56
Loss on assets sold, demolished, discarded, etc.	1.42	6.43
	<u>313.29</u>	<u>322.99</u>
Less:		
Profit on sale of investment	87.55	2,615.68
Provisions no longer required, written back	0.14	47.37
Interest Earned	606.97	770.42
Dividend on Investments	1,572.36	1,562.46
Income from Licensing of Property	2,210.62	2,210.90
	<u>4,477.64</u>	<u>7,206.83</u>
Operating profit before working capital changes	<u>131.55</u>	<u>38.26</u>
<b>Changes in working capital</b>		
Increase / (Decrease) in trade payables	3.05	2.11
Increase / (Decrease) in long term provisions	1.93	11.61
Increase / (Decrease) in short term provisions	(40.74)	12.83
Increase / (Decrease) in other current liabilities	(31.21)	45.13
Increase / (Decrease) in other long - term liabilities	(0.27)	-
Decrease / (increase) in trade receivables	45.59	(60.68)
Decrease / (increase) in inventories	(1.27)	(0.09)
Decrease / (increase) in long - term loans and advances	95.03	0.93
Decrease / (increase) in short - term loans and advances	(7.70)	(2.48)
Decrease / (increase) in other current assets	61.38	(50.00)
	<u>125.79</u>	<u>(40.64)</u>
Net cash generated from operations	<u>257.34</u>	<u>(2.38)</u>
Direct Taxes Paid	(667.58)	(1,098.77)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<u>(410.24)</u>	<u>(1,101.15)</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale of Investments	89.87	3,060.66
Sale of Fixed Assets	6.50	51.76
Interest Received	512.35	642.01
Dividend Received	1,572.36	1,562.46
Licensing of Property	2,211.34	2,220.89
Security Deposit	178.27	17.95
	<u>4,570.69</u>	<u>7,555.73</u>
Less:		
Purchase of Investments	(2,370.44)	(6,000.41)
Investments in bank deposits (having original maturity of more than three months)	(1,005.00)	(6,590.00)
Purchase of Fixed Assets	(4.77)	(93.20)
	<u>(3,380.21)</u>	<u>(12,683.61)</u>
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>	<u>1,190.48</u>	<u>(5,127.88)</u>

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013**

	(₹ in lakhs)	
	2012 - 2013	2011 - 2012
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(409.15)	(256.88)
Tax on Dividend	(63.00)	(39.37)
Fractional shareholding entitlement paid	(0.03)	(16.68)
<b>NET CASH USED IN FINANCING ACTIVITY</b>	<b>(472.18)</b>	<b>(312.93)</b>
<b>D. Net Increase / (Decrease) In Cash and Cash Equivalents</b>	<b>308.06</b>	<b>(6,541.96)</b>
<b>E. Cash and Cash Equivalents at the beginning of the year</b>	<b>386.74</b>	<b>6,928.70</b>
<b>F. Cash and Cash Equivalents at the end of the year</b>	<b>694.80</b>	<b>386.74</b>
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>		
Cash on hand	0.20	0.03
Cheques / drafts on hand	-	0.28
With banks -		
- on current account	60.71	9.57
- on deposit account	522.87	245.00
- unclaimed dividend accounts / fractional entitlement *	111.02	131.86
<b>Total Cash and Cash Equivalents</b>	<b>694.80</b>	<b>386.74</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

ATUL C. KIRLOSKAR  
Chairman

ANIL N. ALAWANI  
Director

C. M. DIXIT  
Partner  
Membership Number: 17532

ADITI V. CHIRMULE  
Executive Director &  
Company Secretary

JASVANDI M. DEOSTHALE  
Head-Finance

Pune: 29 April 2013

Pune: 29 April 2013

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2013

### NOTE 1:

#### CORPORATE INFORMATION

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

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') and the guidelines issued by The Securities and Exchange Board of India (SEBI). 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. 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.

##### b. 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	20.00%	9.50%
Computers Peripherals and Desktops	20.00%	16.21%
Laptops	25.00%	16.21%
Intangible Assets-Computer Software	20.00%	16.21%
Mobile and Telephone Instruments	100.00%	6.33%
Furniture and Fixtures	10.00%	6.33%
Air Conditioner	12.50%	4.75%
Office Equipment	12.50%	4.75%
Security Systems	20.00%	4.75%



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2013

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.

### c. 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 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.

### d. 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.

### e. Investments

Investments intended to be held for not more than a year are classified as current investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis.

All other investments are classified as long-term investments. 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.

### f. 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.

### g. Employee Benefits

#### I. Provident Fund and Superannuation Scheme

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2013

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.

### h. 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.

### i. 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 recognised for all taxable timing differences. Deferred tax assets are recognised 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 realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised 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 recognised 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 recognised 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 unrecognised deferred tax assets and liabilities of the earlier years. It recognises unrecognised 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 realised. 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 realised. 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 2013

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 recognises 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 recognises 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.

### j. 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.

### k. 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.

### l. 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.

### m. 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.

### n. 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 2013

### o. 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.

### p. 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 2013		As at 31 March 2012	
	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 and 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 and 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 2013		As at 31 March 2012	
	Number	₹ in Lakhs	Number	₹ in Lakhs
Shares outstanding at the beginning of the year	<u>9,708,650</u>	<u>970.87</u>	<u>9,708,650</u>	<u>970.87</u>
Add: Shares Issued during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	<u>9,708,650</u>	<u>970.87</u>	<u>9,708,650</u>	<u>970.87</u>


**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2013**
**(c) Equity shares in the Company held by each shareholder holding more than 5% shares:**

Name of Shareholder	As at 31 March 2013		As at 31 March 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
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 #	1,394,753	14.37%	1,307,529	13.47%
Rahul Chandrakant Kirloskar ##	1,380,725	14.22%	1,301,480	13.41%
Gautam Achyut Kulkarni ###	1,390,478	14.32%	1,301,741	13.41%
Arti Atul Kirloskar	709,648	7.31%	709,648	7.31%
Jyostna Gautam Kulkarni	726,798	7.49%	726,798	7.49%
Alpana Rahul Kirloskar	709,648	7.31%	709,648	7.31%

# Out of these, 13,94,728 equity shares are held in the individual capacity and 25 equity shares are held as a Trustee of C. S. Kirloskar Testamentary Trust.

## Out of these, 13,80,496 equity shares are held in the individual capacity and 229 equity shares are held as a Trustee of C. S. Kirloskar Testamentary Trust.

### 310 equity shares have been acquired on 28 March 2013. However, the said shares are not reflected in the holding mentioned above since the actual credit of shares has taken place after 31 March 2013.

**(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)				
	2012-13	2011-12	2010-11	2009-10	2008-09
<b>Equity Shares :</b>					
Fully paid up by way of bonus shares	-	-	-	-	-
Allotted pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Shares Bought Back	-	-	-	-	-

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2013

(₹ in Lakhs)

	As at 31 March 2013	As at 31 March 2012
<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	1,349.12	-
Add: Transfer from surplus of Statement of Profit and Loss	722.18	1,349.12
	<u>2,071.30</u>	<u>1,349.12</u>
<b>General Reserves:</b>		
Opening Balance	31,434.10	30,759.54
Add: Current Year Transfer	361.09	674.56
<b>Closing Balance</b>	<u>31,795.19</u>	<u>31,434.10</u>
<b>Surplus/ (deficit) in the Statement of Profit and Loss:</b>		
Opening balance	25,656.40	21,385.83
Add: Net Profit / (Net Loss) for the current year	3,610.90	6,745.60
Less: Transfer to Reserve Fund, in terms of Section 45 - IC of the Reserve Bank of India Act, 1934	722.18	1,349.12
Less: Proposed Dividends	388.35	388.35
Less: Tax on Proposed Dividend	63.00	63.00
Less: Transfer to General Reserves	361.09	674.56
<b>Net surplus in the Statement of Profit and Loss</b>	<u>27,732.68</u>	<u>25,656.40</u>
<b>Total</b>	<u>61,599.17</u>	<u>58,439.62</u>

### NOTE 5:

#### OTHER LONG TERM LIABILITIES

Security Deposits	1,136.19	913.97
Sundry Creditors for Expenses	-	0.26
<b>Total</b>	<u>1,136.19</u>	<u>914.23</u>

### NOTE 6:

#### LONG TERM PROVISIONS

<b>Provision for employee benefits</b>		
Gratuity	20.58	18.65
<b>Other provisions</b>		
Provision for Operation and Maintenance of Windmills	27.00	27.00
<b>Total</b>	<u>47.58</u>	<u>45.65</u>


**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2013**

(₹ in Lakhs)

**As at 31 March 2013**                      **As at 31 March 2012**
**NOTE 7:**
**TRADE PAYABLES**

Transmission and Wheeling Charges	4.07	0.82
Certification and other expenses for Voluntary Carbon units	-	0.20
<b>Total</b>	<b>4.07</b>	<b>1.02</b>

**NOTE 8 :**
**OTHER CURRENT LIABILITIES**

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

- Unclaimed Equity Dividend	116.02	136.82
- Unclaimed Fractional Entitlement	2.74	2.78
Unclaimed Preference Share Capital	1.57	1.57
<b>Other payables</b>		
Tax deducted at Source, Service Tax and MVAT	1.65	5.16
Employee Benefits	1.78	4.68
Creditors for expenses	18.28	43.19
Security Deposits	24.89	68.84
<b>Total</b>	<b>166.93</b>	<b>263.04</b>

**NOTE 9 :**
**SHORT TERM PROVISIONS**
**Provision for employee benefits**

Gratuity	0.09	0.08
Leave Encashment	20.73	17.28

**Other Provisions**

Provision for Income tax and Wealth tax [Net of Advance tax of ₹ 3,068.77 Lakhs (31 March 2012 ₹ 2,423.71 Lakhs ) and Wealth Tax of ₹ 39.93 Lakhs (31 March 2012 ₹ 17.41 Lakhs )]	45.29	27.87
Commission Payable to Directors	14.30	58.50
Provision for Dividend [Including Dividend Distribution Tax of ₹ 63.00 Lakhs (31 March 2012 ₹ 63.00 Lakhs)]	451.35	451.35
<b>Total</b>	<b>531.76</b>	<b>555.08</b>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2013**

**NOTE 10:  
FIXED ASSETS**

(₹ in Lakhs)

Particulars	Tangible Assets (A)							Intangible Assets (B)		Total (A) + (B)
	Plant and equipment		Furniture & Fixtures	Vehicles	Office Equipment	Computers & Peripherals	Electrical Installations	Total of (A)	Computer Software	
	Windpower generators	Diesel Generator Set								
<b>Gross Block</b>										
Balance as at 1 April 2011	2,629.69	-	55.72	11.59	6.70	1.72	-	2,705.42	0.89	2,706.31
- Additions	-	9.39	1.69	73.74	0.84	1.70	5.76	93.12	0.08	93.20
- Disposals	-	-	-	62.33	-	-	-	62.33	-	62.33
Balance as at 31 March 2012	2,629.69	9.39	57.41	23.00	7.54	3.42	5.76	2,736.21	0.97	2,737.18
- Additions	-	-	0.24	-	1.60	2.91	-	4.75	0.04	4.79
- Disposals	-	-	-	11.60	-	-	-	11.60	-	11.60
<b>Balance as at 31 March 2013</b>	<b>2,629.69</b>	<b>9.39</b>	<b>57.65</b>	<b>11.40</b>	<b>9.14</b>	<b>6.33</b>	<b>5.76</b>	<b>2,729.36</b>	<b>1.01</b>	<b>2,730.37</b>
<b>Accumulated Depreciation</b>										
Balance as at 1 April 2011	1,178.28	-	2.09	0.58	0.39	0.20	-	1,181.54	0.06	1,181.60
- Depreciation charge for the year	271.91	0.57	6.11	6.84	1.67	0.54	0.35	287.99	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>8.20</b>	<b>3.28</b>	<b>2.06</b>	<b>0.74</b>	<b>0.35</b>	<b>1,465.39</b>	<b>0.32</b>	<b>1,465.71</b>
- Depreciation charge for the year	271.91	0.97	5.82	3.06	1.20	1.10	0.38	284.44	0.22	284.66
- On Disposals	-	-	-	3.67	-	-	-	3.67	-	3.67
<b>Balance as at 31 March 2013</b>	<b>1,722.10</b>	<b>1.54</b>	<b>14.02</b>	<b>2.67</b>	<b>3.26</b>	<b>1.84</b>	<b>0.73</b>	<b>1,746.16</b>	<b>0.54</b>	<b>1,746.70</b>
<b>Net Block</b>										
Balance as at 31 March 2012	1,179.50	8.82	49.21	19.72	5.48	2.68	5.41	1,270.82	0.65	1,271.47
<b>Balance as at 31 March 2013</b>	<b>907.59</b>	<b>7.85</b>	<b>43.63</b>	<b>8.73</b>	<b>5.88</b>	<b>4.49</b>	<b>5.03</b>	<b>983.20</b>	<b>0.47</b>	<b>983.67</b>


**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2013**
**NOTE 11 :  
NON CURRENT INVESTMENTS (AT COST UNLESS OTHERWISE STATED)**

Sr. No.	Particulars	Face Value (₹)	As at 31 March 2013		As at 31 March 2012	
			Nos.	₹ in Lakhs	Nos.	₹ in Lakhs
<b>A</b>	<b>Investment Properties</b>					
i	Land (at cost)			17.64		17.64
	Less: Sold during the year			2.32		-
				<u>15.32</u>		<u>17.64</u>
ii	Building (at cost less depreciation) *					
	(a) <b>Gross Block</b>			1,667.45		1,667.45
	Less: Accumulated Depreciation					
	Opening Balance			586.14		557.83
	Depreciation for the year			27.21		28.31
	(b) <b>Net Block of Building</b>			<u>1,054.10</u>		<u>1,081.31</u>
iii	<b>Total Investment Properties (i)+(ii)</b>			<u>1,069.42</u>		<u>1,098.95</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	66,738,876	16,532.62	65,992,002	16,347.20
	Extent of holding by the Company is 48.61% (31 March 2012 : 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	100	0.04
	Kirloskar Pneumatic Company Limited	10	588,222	2,391.59	138,222	206.56
	Kirloskar Oil Engines Limited	2	4,265,000	6,000.41	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	-	683	-
(ii)	<b>Warrants</b>					
	Detachable warrants of Kirloskar Ferrous Industries Limited**			-	38,992,002	-
	<b>Total</b>			<u>53,131.56</u>		<u>50,761.11</u>
2	<b>UNQUOTED</b>					
(i)	<b>Investment in Equity Instruments</b>					
	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 2012 : 50%)			-		-

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2013

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

Sr. No.	Particulars	Face Value (₹)	As at 31 March 2013		As at 31 March 2012	
			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
				—		—
	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>8.56</b>
	<b>Total of Investments</b>			<b>54,209.54</b>		<b>51,868.62</b>

(₹ in Lakhs)

Particulars	As at 31 March 2013	As at 31 March 2012
Aggregate amount of quoted investments		
Carrying Cost	53,131.56	50,761.11
Market Value	61,132.94	53,700.94
Aggregate amount of unquoted investments	8.56	8.56
Investment Property at carrying cost	1,069.42	1,098.95
Aggregate amount of diminution in value of investments	246.73	246.73

#### Notes:

\* Buildings include a property having written down value (WDV) of ₹ 317.98 Lakhs as at 31 March 2013 (₹ 321.72 Lakhs as at 31 March 2012) 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 2013 (45% as at 31 March 2012).

# At carrying cost of ₹ 36.96

\*\* Allotted 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 (KFIL), at a price of ₹ 35/- per warrant during the warrant exercise period from 13 March 2007 to 13 March 2010, which had been further extended upto 13 March 2013. KFIL in its Board Meeting held on 15 March 2013 has extinguished outstanding detachable warrants, not exercised by the warrant holders for conversion into equity shares. Hence, the warrants are expired.




**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2013**
**NOTE 12:  
LONG TERM LOANS & ADVANCES**

	(₹ in Lakhs)	
	As at 31 March 2013	As at 31 March 2012
<b>Security Deposits</b>		
Unsecured, considered good:		
Electricity and Telephone Deposit	10.14	10.09
<b>Advances recoverable in cash or kind</b>		
Unsecured, considered good:		
Minimum Alternate Tax Credit Entitlement	626.92	722.00
	<u>637.06</u>	<u>732.09</u>
<b>Advances recoverable in cash or kind</b>		
Doubtful	1,072.76	1,072.76
Less: Provision for Doubtful Advances	(1,072.76)	(1,072.76)
	<u>-</u>	<u>-</u>
<b>Total</b>	<u><u>637.06</u></u>	<u><u>732.09</u></u>

**Notes:**

Amount of housing loan due from Company Secretary as on 31 March 2013 ₹ NIL (31 March 2012 ₹ NIL) (Maximum balance outstanding during the year ₹ NIL (31 March 2012 ₹ 1.27 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 2013		As at 31 March 2012	
		Nos.	₹ in Lakhs	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			13.20		13.20
			<u>-</u>		<u>-</u>
<b>Total</b>			<u><u>-</u></u>		<u><u>-</u></u>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2013

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

Particulars	(₹ in Lakhs)	
	As at 31 March 2013	As at 31 March 2012
Aggregate carrying cost of unquoted investments	-	-
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 Ltd. 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 2013.

	(₹ in Lakhs)	
	As at 31 March 2013	As at 31 March 2012

### NOTE 14: TRADE RECEIVABLES

#### For Sale of wind power

Unsecured, considered good:

Outstanding for a period exceeding six months	0.12	0.12
Outstanding for a period less than six months	28.45	74.04
<b>Total</b>	<b>28.57</b>	<b>74.16</b>

	(₹ in Lakhs)	
	As at 31 March 2013	As at 31 March 2012

### NOTE 15: CASH AND BANK BALANCES

#### Cash and Cash Equivalents

##### Balances with Banks:

On Current Accounts	60.71	9.57
Fixed Deposits having original maturity less than 3 months	522.87	245.00
Unclaimed Dividend Accounts	108.28	129.08
Unclaimed fractional shareholdings account	2.74	2.78

Cash on hand	0.20	0.03
Cheques, drafts on hand	-	0.28
	<b>694.80</b>	<b>386.74</b>

##### Other Bank Balances:

Deposits having original maturity exceeding 3 months but due for realisation within 12 months of the reporting date	7,595.00	6,590.00
<b>Total</b>	<b>8,289.80</b>	<b>6,976.74</b>


**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2013**

(₹ in Lakhs)

	As at 31 March 2013	As at 31 March 2012
<b>NOTE 16 : SHORT TERM LOANS &amp; ADVANCES</b>		
Unsecured, considered good		
Prepaid Expenses	30.41	26.94
Service Tax Credit Receivable	6.92	2.69
	<u>37.33</u>	<u>29.63</u>
Unsecured, considered doubtful		
Amounts receivable from an associate company	0.45	0.31
Less: Provision	0.45	0.31
	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>37.33</u></b>	<b><u>29.63</u></b>
<b>NOTE 17: OTHER CURRENT ASSETS</b>		
Unbilled revenue from wind power	45.91	107.37
Interest accrued on deposits with banks	223.03	128.41
Employee superannuation trust	0.08	-
Receivable on account of expenses incurred on behalf of licencee	0.22	0.93
<b>Total</b>	<b><u>269.24</u></b>	<b><u>236.71</u></b>
<b>NOTE 18: REVENUE FROM OPERATIONS</b>		
Sale of wind power	661.33	596.06
Sale of Renewable Energy Credit and Voluntary Carbon Units	37.97	14.64
Interest income		
- On Bank Deposits	606.22	770.39
- On others	0.75	0.03
<b>Total</b>	<b><u>1,306.27</u></b>	<b><u>1,381.12</u></b>
<b>NOTE 19 : OTHER INCOME</b>		
<b>Dividend Income</b>		
Non current Investments	1,572.36	1,561.65
Current Investments	-	0.81
<b>Other non-operating income</b>		
Net gain on sale of long term investments	87.55	2,661.59
Property Licensing fees	2,210.62	2,210.90
Excess provisions for expenses no longer required	0.14	47.37
Miscellaneous income	2.90	0.01
<b>Total</b>	<b><u>3,873.57</u></b>	<b><u>6,482.33</u></b>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2013**

(₹ in Lakhs)

	2012-13	2011-12
<b>NOTE 20: EMPLOYEE BENEFITS</b>		
Salaries and incentives	77.88	165.86
Contributions to -		
- Provident Fund & Labour Welfare Fund	4.95	6.88
- Superannuation	5.33	7.54
- Gratuity	1.94	14.90
- Staff welfare expenses	1.99	2.34
<b>Total</b>	<b>92.09</b>	<b>197.52</b>

**NOTE 21:  
OPERATING AND OTHER EXPENSES**

**A. Operating Expenses**

Operation and Maintenance Charges - Windmill	34.47	31.90
Transmission and Wheeling Charges	57.02	20.90

**B. Other Expenses**

Security Staff Service	164.36	152.01
Repairs and maintenance - Property	12.26	9.79
Rent Paid	8.71	-
Garden and Site Maintenance	39.37	39.53
Legal and Professional Fees	37.17	34.08
Rates and Taxes	26.62	26.58
Donations	50.25	50.00
Printing and Stationery Expenses	6.13	7.23
Postage and Courier Charges	4.94	6.18
Advertisement and Publicity	4.57	4.33
Commission to Directors	4.30	3.50
Director Sitting Fees	4.30	3.50
Travelling Expenses	3.66	1.43
Service Tax	0.96	5.45
Insurance Charges	1.53	1.32
Loss on Sale of Fixed Assets	1.42	6.43
Loss on Foreign Exchange Transaction	-	0.59
Provision for Doubtful Debts	0.14	0.31
Miscellaneous Expenses	12.67	13.83
Advances no longer recoverable written off	-	12.32
Provisions no longer required written back	-	(12.32)
Payment to auditors for:		
- Statutory Audit	2.10	2.10
- Limited Review	0.90	0.90
- Tax Audit	0.50	0.50
- Certification	0.05	0.15
- Reimbursement of Expenses	-	0.12
<b>Total</b>	<b>478.40</b>	<b>422.66</b>


**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2013**

(₹ in Lakhs)

		2012-13	2011-12
<b>NOTE 22: DEPRECIATION AND AMORTIZATION EXPENSE</b>			
	<b>Note No.</b>		
On Fixed Assets	10	<b>284.66</b>	288.25
On Investment Property	11	<b>27.21</b>	28.31
<b>Total</b>		<b>311.87</b>	316.56

**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 (RBI) 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). Accordingly, on the basis of the submissions made to the Reserve Bank of India, the Company is classified as a Core Investment Company (CIC - NBFC) vide letter dated 15th October 2012 received from the RBI. 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.

**NOTE 24:  
CONTINGENT LIABILITIES NOT PROVIDED FOR**

Sr. No.	Particulars	(₹ in Lakhs)	
		As at 31 March 2013	As at 31 March 2012
(a)	Disputed service tax demands	<b>2.90</b>	2.90
(b)	Claims against the Company not acknowledged as debt		
	Development charges demanded by PMC	<b>141.21</b>	141.21
	Enercon Counterclaim in respect of Wind mill	<b>293.21</b>	293.21
(c)	Disputed Income Tax demand	<b>206.34*</b>	--
(d)	Conveyance Deed Charges in respect of property	<b>21.51</b>	--
	<b>Total</b>	<b>665.17</b>	437.32

\* Paid under protest

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

Sr. No.	Particulars	(₹ in Lakhs)	
		For the year ended 31 March 2013	For the year ended 31 March 2012
(a)	Expenditure:		
	Travelling	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>
(b)	Earnings:		
	Dividend	<b>5.39</b>	3.17
	Sale proceeds of equity shares	-	20.34
	<b>Total</b>	<b>5.39</b>	23.51

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2013

### 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	
			2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
1	Wind-power units	Kilowatt hours Kwh (in Lakhs)	N.A.	N.A.	112.00	112.00	96.08	97.67

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

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

Class of Goods	Units	2012-13		2011-12	
		Nos.	In ₹	Nos.	In ₹
Renewable Energy Certificates (RECs)	Units	7,776	135,289	350	8,500

##### (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 2013	For the year ended 31 March 2012
Depreciation	271.91	271.91
Operation and Maintenance cost	34.47	31.90

##### (d) Turnover

(₹ in Lakhs)

Sr. No.	Class of Goods	Units	2012-13		2011-12	
			Nos.	₹	Nos.	₹
1	Windpower Units	Kilowatt hours Kwh (Units in Lakhs)	96.08*	661.33	97.67*	596.06
2	Renewable Energy Certificates (REC)	Units	2,531	37.97	377	10.93
3	Voluntary Carbon Units	Units	--	--	11,069	3.71
	<b>Total</b>			<b>699.30</b>		<b>610.70</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 ₹ 10.28 Lakhs (₹ 14.42 Lakhs for 31 March 2012) 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 2013**
**(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 2013	For the year ended 31 March 2012
a. Current Service Cost	1.60	1.65
b. Past Service Cost	--	(12.94)
c. Interest Cost	1.59	0.47
d. Expected return on Plan Assets	NA	NA
e. Net Actuarial ( Gains) / Losses recognised in the year	(1.25)	25.72
<b>f. Total included in “Employee Cost”</b>	<b>1.94</b>	<b>14.90</b>

**ii. Balance Sheet (details of provision for gratuity)**
**Gratuity**

(₹ in Lakhs)

Particulars	As at 31 March 2013	As at 31 March 2012
a. Present value of Defined Benefit obligation as at the end of the year	20.67	18.73
b. Fair value of Plan Assets as at the end of the year	NA	NA
<b>c. Funded Status</b>	<b>(20.67)</b>	<b>(18.73)</b>
d. Current Liability	0.09	0.08
e. Non- Current Liability	20.58	18.65
f. Unrecognised Actuarial (Gains) / Losses	NIL	NIL
<b>g. Net( Liability) / Asset</b>	<b>(20.67)</b>	<b>(18.73)</b>

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

(₹ in Lakhs)

Particulars	As at 31 March 2013	As at 31 March 2012
a. Present value of Defined Benefit obligation at the beginning of the year	18.73	7.33
b. Interest Cost	1.60	0.47
c. Past Service Cost	--	(12.94)
d. Current Service Cost	1.59	1.65
e. Benefits Paid	NIL	(3.50)
f. Actuarial Losses / (Gains)	(1.25)	25.72
<b>j. Present value of Defined Benefit obligation at the close of the year</b>	<b>20.67</b>	<b>18.73</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2013

iv. The principal assumptions used in determining gratuity obligations for the Company's plan as at 31 March 2013:

### Gratuity

Particulars	As at 31 March 2013	As at 31 March 2012
a. Discount Rate	8.20%	8.50%
b. Rate of increase in compensation cost	7.50%	7.50%
c. Expected average remaining working lives of employees (years)	13.27	12.33

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

(₹ in Lakhs)

	31 March 2013	31 March 2012	31 March 2011
Defined benefit obligation	20.67	18.73	7.34
Plan assets	NA	NA	NA
Surplus / (deficit)	(20.67)	(18.73)	(7.34)
Experience adjustments on plan liabilities (loss)/ gain	1.95	(25.96)	(0.98)
Experience adjustments on plan assets (loss)/gain	NIL	NIL	NIL




**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2013**
**NOTE 28:  
SEGMENT REPORTING**

(₹ in Lakhs)

Particulars		Year ended (Audited)	
		31 March 2013	31 March 2012
<b>1</b>	<b>Segment Revenue</b>		
A	- Wind power generation	<b>699.50</b>	610.70
B	- Investments (Securities and Properties)	<b>4,477.29</b>	7,205.37
	<b>Net Sales / Income from Operations</b>	<b>5,176.79</b>	7,816.07
<b>2</b>	<b>Segment Results</b>		
	Profit (+) / Loss (-) before tax and interest from each segment		
A	- Wind power generation	<b>301.67</b>	243.17
B	- Investments (Securities and Properties)	<b>4,062.47</b>	6,697.67
	<b>Total</b>	<b>4,364.14</b>	6,940.84
	Less:		
	Other Unallocable expenditure net off unallocable income	<b>68.24</b>	18.74
	<b>Total Profit Before Tax</b>	<b>4,295.90</b>	6,922.10
<b>3</b>	<b>Total carrying amount of Segment / Corporate Assets</b>		
A	- Wind power generation	<b>1,030.68</b>	1,395.53
B	- Investments (Securities and Properties)	<b>62,681.74</b>	58,916.31
C	- Unallocable corporate assets	<b>744.15</b>	877.66
	<b>Total Assets</b>	<b>64,456.57</b>	61,189.50
<b>4</b>	<b>Total amount of Segment / Corporate Liabilities</b>		
A	- Wind power generation	<b>39.20</b>	40.79
B	- Investments (Securities and Properties)	<b>1,222.60</b>	1,150.82
C	- Unallocable corporate liabilities	<b>624.72</b>	587.40
	<b>Total Liabilities</b>	<b>1,886.52</b>	1,779.01
<b>5</b>	<b>Capital Employed</b>		
	(Segment Assets - Segment Liabilities)		
A	- Wind power generation	<b>991.47</b>	1,354.74
B	- Investments (Securities and Properties)	<b>61,459.14</b>	57,765.49
C	- Unallocable corporate assets less liabilities	<b>119.43</b>	290.26
	<b>Total capital employed in the Company</b>	<b>62,570.04</b>	59,410.49
<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	- Wind power generation	<b>0.66</b>	0.50
B	- Investments (Securities and Properties)	<b>4.11</b>	18.95
C	- Unallocable corporate assets	<b>-</b>	11.41
	<b>Total assets acquired</b>	<b>4.77</b>	30.86
<b>7</b>	<b>Depreciation and Amortisation</b>		
A	- Wind power generation	<b>271.91</b>	271.91
B	- Investments (Securities and Properties)	<b>27.21</b>	29.23
C	- Unallocable Corporate Depreciation	<b>12.75</b>	15.42
	<b>Total Depreciation and Amortisation</b>	<b>311.87</b>	316.56

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2013

### 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 (as per AS - 18):

<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 and their relatives</b>		
Key Management Personnel		Relatives of Key Management Personnel and relationship
Name	Designation	
Nihal G. Kulkarni (upto 25 January 2012)	Managing Director	<ul style="list-style-type: none"> <li>1. Gautam A. Kulkarni, Father</li> <li>2. Jyotsna G. Kulkarni, Mother</li> </ul>
Aditi V. Chirmule	Executive Director & Company Secretary	None


**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2013**
**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 given	<b>2012-13</b>	<b>0.14</b>	--	--	--
	2011-12	0.31	--	--	--
Expenses rendering of services	<b>2012-13</b>	--	<b>37.34#</b>	--	--
	2011-12	--	121.84 ##	--	--
Dividend Paid	<b>2012-13</b>	--	--	--	--
	2011-12	--	--	50.58	--
Dividend Received	<b>2012-13</b>	<b>665.11</b>	--	--	--
	2011-12	659.92	--	--	--
Licensing Fees Received	<b>2012-13</b>	<b>5.84</b>	--	--	--
	2011-12	7.94	--	--	--
Investments Purchased	<b>2012-13</b>	<b>185.42</b>	--	--	--
	2011-12	--	--	--	--
Investments Sold	<b>2012-13</b>	--	--	--	--
	2011-12	--	--	946.43	--
Outstanding as at 31 March 2013					
Receivable	<b>2012-13</b>	<b>0.45</b>	--	--	--
	2011-12	0.31	--	--	--
Provisions	<b>2012-13</b>	<b>0.45</b>	--	--	--
	2011-12	0.31	--	--	--
Payable	<b>2012-13</b>	<b>2.40</b>	<b>10.00</b>	--	--
	2011-12	--	56.35	--	--
Investments	<b>2012-13</b>	<b>16,532.62</b>	--	--	--
	2011-12	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 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 G. 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 2013

### NOTE 30: LICENSING FEES

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

(₹ in Lakhs)

Particulars	As at 31 March 2013	As at 31 March 2012
<b>Minimum License Fees Receipts</b>		
Not later than one year	2,311.77	1,401.22
Later than one year but not later than five years	3,197.79	93.07
Later than five years	-	-
<b>Total</b>	<b>5,509.56</b>	<b>1,494.29</b>

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

(₹ in Lakhs)

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
Net Profit after tax as per Statement of Profit and Loss (₹ in Lakhs)(A)	3,610.90	6,745.60
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)	37.19	69.48

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

Deferred Tax has not been recognised in view of 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", since the timing differences reverse fully during the tax holiday period.

### 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 2013	Maximum balance outstanding during the year	Amount outstanding as at 31 March 2013	Maximum balance outstanding during the year
<b>Associate</b>				
Kirloskar Ferrous Industries Limited	--	--	16,532.62	16,532.62

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2013****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:**

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

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As per our attached report of even date.

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

C. M. DIXIT  
Partner  
Membership Number: 17532

Pune: 29 April 2013

For and on behalf of the Board of Directors.

ATUL C. KIRLOSKAR  
Chairman

ADITI V. CHIRMULE  
Executive Director &  
Company Secretary

ANIL N. ALAWANI  
Director

JASVANDI M. DEOSTHALE  
Head-Finance

Pune: 29 April 2013

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**KIRLOSKAR INDUSTRIES LIMITED**

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

**ATTENDANCE SLIP**

**Annual General Meeting on 8 August 2013 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 Thursday, 8 August 2013 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.**

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**KIRLOSKAR INDUSTRIES LIMITED**

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

**PROXY FORM**

I/We .....

Ledger Folio 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 Thursday, 8 August 2013 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..... 2013.

(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.**

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Enriching Lives

**KIRLOSKAR INDUSTRIES LIMITED**

Regd. Office: 13/A, Karve Road, Kothrud, Pune - 411 038, INDIA. Tel.: +91 (20) 2545 2721

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Website: [www.kirloskar.com](http://www.kirloskar.com)