

KIRLOSKAR BROTHERS INVESTMENTS LIMITED
ANNUAL REPORT 2010 - 2011

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

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

Annual Report for the financial year ended on 31 March 2011

BOARD OF DIRECTORS

Mr. Atul C. Kirloskar	Chairman
Mr. A. C. Kulkarni	Executive Director
Mr. Nihal Kulkarni	
Mr. A. N. Alawani	
Mr. A. R. Sathe	
Mr. G. P. Kulkarni	

ASSISTANT COMPANY SECRETARY

Mr. Vikas Vohra

AUDITORS

M/s P. G. Bhagwat, Chartered Accountants

BANKERS

HDFC Bank Limited

REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Private Limited
Block No. 202, 2nd Floor
Akshay Complex, Near Ganesh Temple
Off Dhole Patil Road
Pune - 411 001
Tel.: +91 (20) 2605 3503
Fax: +91 (20) 2605 1629
Email: pune@linkintime.co.in

REGISTERED OFFICE

13/A, Karve Road, Kothrud, Pune - 411 038, INDIA.
Tel.: +91 (20) 2545 3002
Fax: +91 (20) 2543 4262
E-mail: contact@kbil.co.in
Website: www.kbil.co.in

Information for shareholders

Annual General Meeting	
Day & Date	: Friday, 22 July 2011
Time	: 3.00 p.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	: 25% (₹ 2.50 per share of ₹ 10/- each)
Dates of Book Closure	: 15 July 2011 to 22 July 2011 (both days inclusive)

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Directors' Report

To the Members,

Your Directors have pleasure in presenting the Second Annual Report with the Audited Annual Accounts of the Company for the year ending 31 March 2011.

LISTING ON STOCK EXCHANGES

The Securities and Exchange Board of India (SEBI) vide its letter dated 16 December 2010 granted necessary relaxation under Rule 19(2)(b) of Securities Contracts (Regulation) Rules, 1957, for the listing of equity shares of the Company. Consequently, trading in the equity shares of the Company commenced with effect from 4 January 2011 on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

SALE OF FRACTIONAL ENTITLEMENTS

Pursuant to the Scheme of Arrangement, the fractional entitlements arising out of the issue of shares under the said Scheme were consolidated into 5,684 equity shares of Rs. 10/- each. Out of the total 5,684 equity shares, 3,567 equity shares have been sold. Once all the shares are sold, the net sale proceeds (after deduction of the expenses incurred) shall be distributed to the members respectively, entitled for the same, in proportion to their fractional entitlements, as far as practicable.

SCHEME OF AMALGAMATION OF POOJA CREDITS PRIVATE LIMITED WITH THE COMPANY

The Board of Directors (the "Board") of the Company at its meeting held on 27 January 2011 approved the proposal of Amalgamation of Pooja Credits Private Limited with the Company. Subsequently, the Board vide Circular Resolution dated 22 February 2011 approved the Scheme of Amalgamation (the "Scheme") of Pooja Credits Private Limited ("Transferor Company" or "PCPL") with Kirloskar Brothers Investments Limited ("Transferee Company" or the "Company") and their respective shareholders, in terms of section 391-394 of the Companies Act, 1956.

PCPL is a wholly owned subsidiary of the Company. PCPL being the Transferor Company, has filed the necessary application and petition with the Hon'ble High Court of Judicature at Bombay for approval of the Scheme. The Appointed Date in terms of the Scheme is 1 April 2011. PCPL, being a wholly owned subsidiary of the Company, the Company is not required to file a separate application and petition in this regard and as such not required to hold shareholders' meeting under sections 391 – 394 of the Companies Act, 1956 and the Hon'ble High Court of Judicature at Bombay has accordingly dispensed with the requirement of filing separate petition and convening and holding shareholders' meeting.

In terms of the Scheme, all the assets and liabilities of the Transferor Company as on the Appointed Date shall stand transferred to the Company. Also, the investments of the Company in the shares of the Transferor Company, appearing in the books of accounts of the Company will stand cancelled.

FINANCIAL RESULTS

Particulars	(₹ In lakhs)	
	Year ended 31 March 2011	Period ended 31 March 2010
Total Income	3057.02	2309.96
Total Expenditure	92.74	21.28
Profit before taxation	2964.28	2288.69
Provision for tax (including Deferred Tax)	76.36	—
Net Profit	2887.92	2288.69
Balance of Profit/(Loss) from previous year	2288.69	—
Balance available for appropriation	5176.61	2288.69
Appropriations :		
Transfer to Reserve Fund in terms of section 45-IC of the Reserve Bank of India Act, 1934	577.58	—
Transfer to General Reserves	288.79	—
Proposed Final Dividend	132.22	—
Tax on Proposed Dividend	21.45	—
Balance carried to Balance Sheet	4156.57	2288.69

DIVIDEND

Your Directors recommend a dividend of 25% (₹ 2.5 per equity share) for the financial year ended 31 March 2011. No dividend was declared by the Company for the period ended 31 March 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

This is the second Management Discussion and Analysis, which gives a brief overview of the Company.

CLASSIFICATION AS A CORE INVESTMENT COMPANY

The Company had made an application on 8 October 2009 to the Reserve Bank of India (RBI) for Certificate of Registration (COR) as Non Banking Financial Company (NBFC) and the said application was pending. The RBI has, meanwhile, notified guidelines for Core Investment Companies (CIC) on 5 January 2011 and the Company qualifies as CIC under these guidelines. Such companies are not required to seek registration as CIC NBFC and can commence business forthwith.

The Company has informed the RBI that based on the notification dated 5 January 2011, the Company fulfills the requirements of being classified as a CIC NBFC and has accordingly commenced business.

COMPANY PERFORMANCE

During the financial year under review, your Company achieved a net income of ₹ 28.88 crores.

OPERATIONS OF THE COMPANY

The Company commenced business in February 2011 after qualifying as a CIC NBFC as stated earlier.

Main operations of the Company are that of an Investment Company. Since majority of the investments of the Company is in the form of strategic investments in Kirloskar Group Companies, the source of income for the Company is in the form of dividends as declared by various companies.

As on 31 March 2011, the Company has two subsidiaries viz. Pooja Credits Private Limited and Nashik Silk Industries Limited.

A. Pooja Credits Private Limited (PCPL)

PCPL was incorporated on 1 March 1988. Presently, it is a wholly owned subsidiary of the Company. PCPL earlier submitted the application to the Reserve Bank of India (RBI) for Registration as a Non Banking Financial Company (NBFC). However, the said application was returned by the RBI for certain compliances.

However, based on the approval of the Board of Directors of PCPL to the Scheme of Amalgamation of PCPL with your Company, PCPL informed the RBI that it will not submit fresh application for Registration as NBFC, since it is in the process of being amalgamated with its Holding Company.

B. Nashik Silk Industries Limited (NSIL)

NSIL was incorporated on 5 May 1992 as Kirloskar Silk Industries Limited. The name of the company was changed to Nashik Silk Industries Limited vide the Certificate of Change of Name issued by the Registrar of Companies, Pune dated 10 December 2010. NSIL is a wholly owned subsidiary of the Company.

NSIL was incorporated with the main object of manufacture, development and sale of raw silk. However, the said project was implemented but discontinued as it was not financially feasible.

NSIL has approached the Government Authorities seeking their approval for change of purpose of the land allotted to the Company. The application is pending with the Government Authorities. The Board of Directors of NSIL decided to pursue the said application and hence, deferred the decision of disposal of land and existing business.

HUMAN RESOURCES

As on 31 March 2011, the Company has 5 employees on its roll, including the Executive Director and Assistant Company Secretary. The Company is in the process of formulation of the organisation structure and shall put in place, various human resource policies.

CONCERNS AND THREATS

Following are the identified risks / concerns and threats for the Company:

- Fluctuations in the Securities Market and global economic scenario, may pose a risk of devaluation of the value of investments made by the Company.
- Major source of income for the Company is dividend, which could be subject to large scale variations.

INTERNAL CONTROL 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.

LISTING FEES

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

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS

As on 31 March 2011, the Company has two wholly owned subsidiaries viz. Pooja Credits Private Limited & Nashik Silk Industries Limited (earlier known as Kirloskar Silk Industries Limited).

The Board presents audited consolidated financial statements incorporating the duly audited financial statements of the subsidiaries and as prepared in compliance with the Accounting Standards and Listing Agreement as prescribed by SEBI.

The Central Government vide its Circular dated 8 February 2011 issued directions under section 212 of the Companies Act, 1956, granting general permission to all the companies for not attaching the Annual Accounts of subsidiary companies under certain conditions.

Accordingly, the Board of Directors of the Company at its meeting held on 26 April 2011 decided not to attach the Annual Accounts of its subsidiaries. The Company has attached to the Annual Accounts, the audited consolidated financial statements as required by the said Circular.

Further, the Company undertakes that the Annual Accounts of the subsidiary companies and the related detailed information shall be made available to the shareholders on demand, at any point of time. The Annual Accounts of the subsidiary companies shall also be kept open for inspection by any shareholder at the registered office of the Company.

STATUTORY DISCLOSURES

(a) **Conservation of energy and technology absorption:**

The Company being an Investment Company, there are no particulars regarding conservation of energy and technology absorption, as required under section 217 (1) (e) of the Companies Act, 1956 and Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

(b) **Foreign exchange earnings and outgo:**

Total foreign exchange used	Nil
Total foreign exchange earned	₹ 3,92,380

PARTICULARS OF EMPLOYEES

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, particulars of certain employees are required to be disclosed in the Directors Report. However, pursuant to the Central Government Notification dated 31 March 2011, the Company has no particulars to report thereon.

DIRECTORS

Mr. A. R. Sathe retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

The brief resume and other details relating to Mr. A. R. Sathe, who is proposed to be re-appointed, as required to be disclosed under Clause 49 of the Listing Agreement, forms part of the Report on Corporate Governance.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

CASH FLOW

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

FIXED DEPOSITS

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

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement entered with the Stock Exchanges, a report on Corporate Governance forms part of this Annual Report. The Company has obtained the certificate from its Statutory Auditors regarding compliance with the provisions relating to Corporate Governance as laid down in Clause 49 of the Listing Agreement. The same is appearing elsewhere in this Annual Report.

Declaration by the Executive Director regarding affirmation for compliance with the Company's Code of Conduct is annexed to the Corporate Governance Report.

AUDITORS

M/s. P. G. Bhagwat, Chartered Accountants (Firm's Registration No. 101118W), 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.

ACKNOWLEDGMENTS

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

For and on behalf of the Board of Directors



ATUL C. KIRLOSKAR
CHAIRMAN

Pune : 26 April 2011

Report on Corporate Governance

(Pursuant to Clause 49 of the Listing Agreement)

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

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

2. Board of Directors

a. Composition of the Board

As on 31 March 2011, the strength of the Board was six directors, comprising of one Executive Director and five Non-Executive Directors. Three out of six Directors were Independent Directors, which duly complies with the requirements of Clause 49 of the Listing Agreement.

b. Number of Board Meetings

During the financial year under review, five Board Meetings were held on the following dates: 26 April 2010, 27 July 2010, 22 October 2010, 23 December 2010 and 27 January 2011.

c. Director's attendance record and directorships held

The information on composition and category of the Board of Directors as on 31 March 2011, attendance of each Director at Board Meetings held during the financial year 2010-11 and the Annual General Meeting held on 27 July 2010, directorships and Committee positions in other public companies of which, the Director is a Member/Chairman 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 in other public companies	Number of Committee positions held in other public companies **		Attendance at the meetings	
				Chairman	Member	Board	AGM
	Executive Director						
1.	Mr. A. C. Kulkarni	--	2	Nil	Nil	5	Present
	Non-Executive Directors						
2.	Mr. Atul C. Kirloskar*	7,64,589	6	1	Nil	4	Present
3.	Mr. Nihal Kulkarni*	--	4	Nil	5	5	Present
	Independent and Non-Executive Directors						
4.	Mr. A. N. Alawani	500	6	2	3	5	Present
5.	Mr. A. R. Sathe	30	5	Nil	3	5	Present
6.	Mr. G. P. Kulkarni	--	4	Nil	Nil	5	Present

Notes:

* Deemed as Promoters within the meaning of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

** For the purposes of this disclosure, only Audit and Investors Grievance Committee positions of public limited companies are considered.

(1) As on 31 March 2011, none of the current directors are related to any other director within the meaning of section 6 of the Companies Act, 1956.

(2) Directorships in private limited companies, foreign companies and companies under section 25 of the Companies Act, 1956 are excluded in the above table.

d. Information supplied to the Board

Among others, this includes:

- quarterly results of the Company;
- materially important show cause, demand, prosecution and penalty notices;
- fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
- any material relevant default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company;
- any issue, which involves possible public or product liability claims of substantial nature;
- details of any joint venture or collaboration agreement;
- significant labour problems and their proposed solutions;
- significant development in human resources and industrial relation fronts;
- non-compliance of any regulatory, statutory provision or listing requirements as well as shareholders service such as non-payment of dividend and delay in share transfer.

3. Code of Conduct

The Company has introduced a Code of Conduct for Directors and Senior Management Personnel of the Company. The Code was made effective from 2 March 2010. The same has been uploaded on the Company's website i.e. www.kbil.co.in. All Board Members and Senior Management Personnel have affirmed compliance with the Code. A declaration to that effect signed by Mr. A. C. Kulkarni, Executive Director is appearing elsewhere in the Annual Report.

4. Audit Committee

The Audit Committee comprises of three Non-Executive Directors, majority of who are Independent. The Assistant Company Secretary acts as the Secretary to the Committee. The Executive Director also attends the Audit Committee Meetings. The representatives of the Internal Auditors and Statutory Auditors are also invited to the meetings.

During the financial year under review, five meetings of the Committee were held on following dates: 26 April 2010, 27 July 2010, 22 October 2010, 23 December 2010 and 27 January 2011. The composition of the Committee and attendance at its meetings is given below:

Sr. No.	Name of the Member Director	Number of meetings attended
1.	Mr. A. N. Alawani (Chairman) – Independent	5
2.	Mr. A. R. Sathe – Independent	5
3.	Mr. Nihal Kulkarni – Non Independent	5

The terms of reference of the Audit Committee include the matters specified in 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:

1. Supervision of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. 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 and also approval for payment of any other services.
3. 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 Directors' 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 made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.

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- g. Qualifications in the draft Audit Report.
 - h. The going concern assumption.
 - i. Compliance with accounting standards.
 - j. Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.
4. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
 5. Reviewing, with the management, external and internal auditors, the adequacy of the internal control systems.
 6. 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.
 7. Discussion with internal auditors about any significant findings and follow up there on.
 8. 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.
 9. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 10. 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.
 11. Review of following information :
 - a. Management discussion and analysis of financial condition and results of operations;
 - b. Statement of significant related party transactions (as defined by the audit committee), submitted by 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.
 - f. Financial statements, in particular, the investments made by the unlisted subsidiary.
 - g. Minutes of Board Meetings of the unlisted subsidiary company.
 - h. A statement of significant transactions and arrangements entered into by the unlisted subsidiary.

Powers of Audit Committee

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

5. Remuneration Committee

The Remuneration Committee was constituted by the Board of Directors of the Company at its meeting held on 13 February 2010. The Committee comprises of three Independent Directors, namely:

Mr. A. R. Sathe, Chairman
Mr. A. N. Alawani, Member
Mr. G. P. Kulkarni, Member

During the financial year under review, one meeting of the Remuneration Committee was held on 26 April 2010. All the above named Directors were present during the Meeting.

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. An Agreement for a period of five years has been entered into with the Executive Director. There is no notice period and severance fee prescribed in the Agreement.

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 of the Company at the First Annual General Meeting held on 27 July 2010, approved the payment of remuneration by way of commission to the Non-Executive Directors of the Company, at the rate not exceeding 1% of the net profits of the Company as computed in the manner laid down in Sections 349 and 350 of the Companies Act, 1956.

Sitting fee of Rs. 5,000 per meeting of the Board and any Committee thereof, attended by the Non-Executive Directors is payable to them.

Details of remuneration paid to Directors during the financial year 2010–11:

Amount in ₹

Sr. No.	Name of the Director	Basic Salary	Perquisites	Contribution to Statutory Funds	Sitting Fees	Commission	Total
Executive Director							
1.	Mr. A. C. Kulkarni	21,31,800	4,49,361	4,06,756	-	15,00,000	44,87,917
Non-Executive Directors							
2.	Mr. Atul C. Kirloskar	-	-	-	20,000	40,000	60,000
3.	Mr. Nihal Kulkarni	-	-	-	50,000	1,00,000	1,50,000
4.	Mr. A. N. Alawani	-	-	-	55,000	1,10,000	1,65,000
5.	Mr. A. R. Sathe	-	-	-	60,000	1,20,000	1,80,000
6.	Mr. G. P. Kulkarni	-	-	-	35,000	70,000	1,05,000

Notes:

- Perquisites include reimbursement of medical expenses, leave travel and allowance in lieu of provident fund, term insurance premium and provision for leave encashment.
- Contribution to Statutory Funds includes contribution to Provident Fund and Superannuation Fund.

6. Investors Grievance Committee

The Investors Grievance Committee has been constituted to look into investor's complaints like transfer of shares, non-receipt of Balance Sheet etc, and their redressal thereof. The Committee is headed by Mr. G. P. Kulkarni, an Independent Director, with Mr. A. C. Kulkarni, Executive Director, and Mr. A. R. Sathe, being the other Members of the Committee.

During the financial year under review, one Investors Grievance Committee Meeting was held on 22 October 2010. All the above named Directors were present during the Meeting.

Mr. Vikas Vohra, Assistant Company Secretary is the Compliance Officer. The Compliance Officer can be contacted at:

Kirloskar Brothers Investments Limited

13/A, Karve Road, Kothrud,

Pune – 411 038

Tel.: (020) 2545 3002; Fax: (020) 2543 4262

Email: vikas.vohra@kirloskar.com; contact@kbil.co.in

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

The total number of complaints received and replied to the satisfaction of the shareholders during the year ended 31 March 2011 were 2 and there were no complaints outstanding as on 31 March 2011.

The Company had no share transfer requests pending as on 31 March 2011.

7. General Body Meetings

The First Annual General Meeting of the Company for the period ended 31 March 2010 was held on 27 July 2010 at 1.30 p.m. at Kirloskar Brothers Limited, "Yamuna", Survey No. 98 (3-7), Baner, Pune – 411 045.

At the aforesaid Annual General Meeting, one Special Resolution was passed by the shareholders of the Company for authorising the Board of Directors of the Company to decide and pay the remuneration by way of commission to the Non-Executive Directors of the Company.

No Special Resolution passed at the above Annual General Meeting was required to be passed through postal ballot.

8. Disclosures

- i. During the financial year under review, there were no materially significant related party transactions made by the Company with its Promoters, Directors, Management or their Subsidiaries that may have potential conflict with the interests of the Company at large.
- ii. There have been no instances of non-compliances by the Company on any matters related to capital markets since its incorporation i.e. 16 April 2009. Neither penalties have been imposed nor any strictures imposed on the Company by Stock Exchanges, Securities & Exchange Board of India (SEBI) or any other statutory authority, on any matter related to capital markets.

iii. Whistle Blower Policy

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

The Policy has been communicated to all the employees of the Company and the same has also been uploaded on the company's website.

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

Non-Mandatory requirements :

Remuneration Committee –

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

Shareholders' 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 that of Stock Exchanges, the Company does not send any declaration of half yearly performance to the shareholders.

Audit qualifications –

There are no qualifications on the Financial Statements of the Company for the year ended 31 March 2011.

Whistle Blower Policy –

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

9. Particulars of Director to be re-appointed at the ensuing Annual General Meeting:

Mr. A. R. Sathe

Mr. A. R. Sathe (Age 58 years) did his CA and LLB. At present, he is heading Kirloskar Constructions & Engineers Limited in the capacity of Managing Director and before this, he was CFO of Kirloskar Brothers Limited in the capacity of Vice President - Corporate Finance and Accounts.

He has extensive experience in Finance and Treasury of about 34 years. Before joining Kirloskar Brothers Limited, he was with Kirloskar Pneumatic Company Limited as Senior Vice President – Finance. He is also holding directorships in a few Kirloskar Group companies.

He is a Chairman of Remuneration Committee and a member of Audit and Investors Grievance Committee in the Company.

Other Directorships

Kirloskar Industries Limited
 Nashik Silk Industries Limited (earlier known as Kirloskar Silk Industries Limited)
 Kirloskar Constructions & Engineers Limited
 The Kolhapur Steel Limited
 Gondwana Engineers Limited
 Kirloskar Corrocoat Private Limited
 Pooja Credits Private Limited

Other Committee positions

Name of the Company	Committee	Chairman / Member
Kirloskar Constructions & Engineers Limited	Audit Committee	Member
Kirloskar Industries Limited	Audit Committee	Member
Kirloskar Industries Limited	Share Transfer cum Shareholders / Investors Grievance Committee	Member
The Kolhapur Steel Limited	Share Transfer Committee	Member

He holds 30 equity shares of Rs. 10/- each in the Company. He is not related to any other Director on the Board of the Company.

10. Means of Communication

- a. The quarterly and half yearly results are published in national and local dailies namely, Business Standard (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.
- b. The Company's results are also displayed on the Company's website namely, www.kbil.co.in.
- c. The Management Discussion and Analysis Report is included in the Directors' Report of this Annual Report.

11. General Shareholder Information

2nd Annual General Meeting
 Day & Date : Friday, 22 July 2011
 Time : 3.00 p.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 to 31 March
 Book Closure date : 15 July 2011 to 22 July 2011 (both days inclusive)
 Dividend payment date : On or before 17 August 2011

Listing on Stock Exchanges

The equity shares of the Company were admitted for trading at BSE and NSE with effect from 4 January 2011, details of which are as follows:

Sr. No.	Name of the Stock Exchange	Stock Code
1.	Bombay Stock Exchange Limited	533297
2.	National Stock Exchange of India Limited	KBIL - EQ

Market Price Data

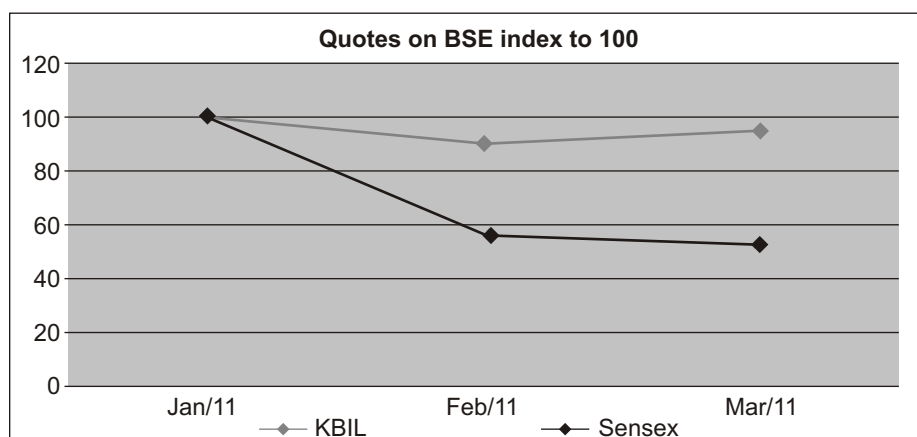
Details of Monthly high/low share prices with effect from 4 January 2011 on the BSE and NSE:

Stock Exchange	Bombay Stock Exchange Limited		National Stock Exchange of India Limited	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
January 2011	1094.00	325.10	1102.70	278.00
February 2011	615.00	485.00	610.00	452.00
March 2011	574.90	456.00	579.80	455.50

Distribution of Shareholding as on 31 March 2011

Nominal value of shares (In Rupees)		Shareholders		Share Amount	
From	To	Number	% to total	In Rupees	% to total
1	- 5000	15,273	97.5537	59,94,260	11.3341
5001	- 10000	193	1.2328	13,15,520	2.4874
10001	- 20000	95	0.6068	13,23,600	2.5027
20001	- 30000	26	0.1661	6,55,280	1.2390
30001	- 40000	8	0.0511	2,87,240	0.5431
40001	- 50000	12	0.0766	5,50,930	1.0417
50001	- 100000	24	0.1533	14,80,460	2.7993
100001	- Above	25	0.1597	4,12,79,890	78.0527
TOTAL		15,656	100.0000	5,28,87,180	100.0000

Performance of the Company's scrip on the BSE as compared to the BSE Sensex: SENSEX v/s KBIL



Shareholding Pattern as on 31 March 2011

Sr. No.	Category	No. of shares	% of shareholding
1.	Promoters' Holding		
	Indian Promoters	27,53,988	52.07
	Bodies Corporate	5,56,125	10.52
2.	Non Promoters' Holding		
	Mutual Funds	3,28,982	6.22
	Financial Institutions / Banks	1,79,584	3.40
	Insurance Companies	93,828	1.78
	Foreign Institutional Investors	1,44,625	2.73
	Private Corporate Bodies	1,37,666	2.60
	Indian Public	10,75,907	20.34
	Non Resident Indians	16,248	0.31
	Clearing Members	1,765	0.03
	TOTAL	52,88,718	100.00

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

Registrar and Share Transfer Agent (R & T Agent)

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

Link Intime India Private Limited,
 (Unit: Kirloskar Brothers Investments Limited),
 Block No. 202, 2nd Floor, Akshay Complex,
 Near Ganesh Temple, Off Dhole Patil Road,
 Pune – 411 001
 Tel. No.: (020) 2605 3503 Fax No.: (020) 2605 1629
 Email : pune@linkintime.co.in

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

Dematerialization of shares and liquidity

As on 31 March 2011, 48,64,259 equity shares being 91.97 % of the total equity share capital of the Company were held in dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The International Securities Identification Number (ISIN) allotted to the Company's equity shares is INE920K01010.

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

Not applicable.

Address for correspondence

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

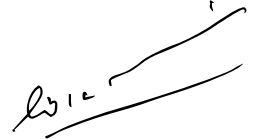
contact@kbil.co.in

DECLARATION FOR COMPLIANCE WITH CODE OF CONDUCT

To the members of **KIRLOSKAR BROTHERS INVESTMENTS LIMITED**

Pursuant to clause 49 I (D) (ii) of the Listing Agreement, I hereby declare that all the Board Members and Senior Management Personnel are aware of the provisions of the Code of Conduct laid down by the Board as made effective from 2 March 2010. All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct.

For **Kirloskar Brothers Investments Limited**



A. C. Kulkarni
Executive Director

Pune : 26 April 2011

DISCLOSURE PURSUANT TO AMENDED CLAUSE 5A II OF THE LISTING AGREEMENT

The Securities and Exchange Board of India (SEBI) vide its circular dated 16 December 2010, effected certain amendments to the Equity Listing Agreement. By inserting the new Clause 5A II, certain provisions have been introduced, containing uniform procedure for dealing with unclaimed shares.

Pursuant to the said Clause, the Company had sent first reminder on 22 February 2011 to all those shareholders, whose shares remained unclaimed with the Company, requesting them to forward correct addresses to avoid transfer of such unclaimed shares to the "Unclaimed Suspense Account". The Company will be sending second and third reminders in due course.

The details of shares claimed by the shareholders based on the first reminder till 31 March 2011 is as follows:

Sr. No.	Particulars	No. of shares
(i)	Total number of unclaimed shares as on 22 February 2011	98,444
(ii)	Number of shares claimed by the respective shareholders till 31 March 2011	1,326
(iii)	Balance number of shares remaining unclaimed as on 31 March 2011	97,118

REPORT OF THE AUDITORS ON CORPORATE GOVERNANCE TO THE MEMBERS

We have examined the compliance of conditions of Corporate Governance by **KIRLOSKAR BROTHERS INVESTMENTS LIMITED** for the year ended on 31st March 2011, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges. As per the information and explanations given and read with clause 11 of the Report on Corporate Governance, the equity shares of the company were admitted for trading on BSE and NSE with effect from 4 January 2011, in terms of the Scheme of Arrangement.

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

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

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

For **M/s P. G. BHAGWAT**
Chartered Accountants

PANKAJA BHAGWAT
Partner

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

Pune: 26 April 2011

**AUDITOR'S REPORT TO THE MEMBERS OF
KIRLOSKAR BROTHERS INVESTMENTS LIMITED**

1. We have audited the attached balance sheet of KIRLOSKAR BROTHERS INVESTMENTS LIMITED as at 31st March 2011, the profit and loss account and also the cash flow statement of the company for the period ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 [as amended by Companies (Auditor's Report) (Amendment) Order, 2004] issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) in our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (iii) the balance sheet, the profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply, in all material aspects and read with clause B.7. of Schedule 12 to the financial statements in respect of accounting and disclosures under Accounting Standard 15 (revised) not being practicable, comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) on the basis of the written representations received from the directors as on 31st March, 2011, and taken on record by the board of directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) in our opinion and to the best of our information and according to the explanations given to us, the accounts, read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the balance sheet, of the state of affairs of the company as at 31st March, 2011;
 - (b) in the case of the profit and loss account of the profit for the year ended on that date; and
 - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For M/s P. G. BHAGWAT
Chartered Accountants

PANKAJA BHAGWAT
Partner

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

Pune: April 26, 2011

ANNEXURE Re: KIRLOSKAR BROTHERS INVESTMENTS LIMITED

Referred to in paragraph 3 of our report of even date

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management at reasonable intervals. According to the information and explanation given to us, no discrepancies were noticed on such verification.
- (c) There were no fixed assets disposed off during the year. Accordingly the provisions of 4 (i) (c) is not applicable to the company.
- (ii) As the company has no manufacturing activity, the provisions of clause 4 (ii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (iii) (a) The company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained as per section 301 of the Companies Act, 1956.
Accordingly, the provisions of clause 4 (iii) (b) (c) and (d) are not applicable to the company.
- (e) The company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained as per section 301 of the Companies Act, 1956.
Accordingly, the provisions of clause 4 (iii) (f) and (g) are not applicable to the company.
- (iv) Being an investment company, in our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business with regard to the purchase of fixed assets. During the course of audit we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) (a) According to the information and explanations given to us, there were no contracts or arrangements referred to in section 301 of the Companies Act, 1956.
Accordingly, the provisions of clause 4 (v) (b) are not applicable to the company.
- (vi) According to information and explanations given to us, the company has not accepted any deposits from public.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) Being an investment company, the provisions of clause 4 (viii) of the Companies (Auditor's Report) Order, 2003 related to maintenance of cost records are not applicable to the company.
- (ix) (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
According to information and explanation given to us, no undisputed amounts payable in respect of statutory dues were in arrears, as at 31st March, 2011 for a period of more than six months from the date they became payable.
- (b) According to information and explanation given to us, there are no dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) The company has no accumulated losses as at 31st March, 2011. The company has not incurred cash losses during the financial year and in the immediately preceding financial year.
- (xi) According to information and explanations given to us, the company has no dues to any financial institution, bank or debenture holders. Accordingly, the provisions of clause 4 (xi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xii) According to information and explanation given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4 (xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

- (xiii) In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) According to information and explanation given to us, the company is dealing in, but not trading in, shares, securities, debentures and other investments. Accordingly proper records have been maintained of the transactions and contracts and timely entries have been made therein. Also the shares, securities, debentures and other investments have been held by the company, in its own name.
- (xv) According to information and explanation given to us, the company has not given guarantees for loans taken by others from banks or financial institutions.
- (xvi) According to information and explanation given to us, the company does not have any term loans.
- (xvii) According to information and explanation given to us, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to information and explanation given to us, the company has not made any preferential allotment of any shares to parties and companies covered under section 301 of the Companies Act, 1956.
- (xix) According to information and explanation given to us, the company has not issued any debentures. Accordingly, the provisions of clause 4 (xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xx) According to information and explanation given to us, the company has not made any public issue to raise money. Accordingly, the provisions of clause 4 (xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xxi) According to information and explanation given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **M/s P. G. BHAGWAT**
Chartered Accountants

PANKAJA BHAGWAT
Partner

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

Pune : April 26, 2011

BALANCE SHEET AS AT MARCH 31, 2011

	SCHEDULE	Rupees	Rupees
		As at March 31, 2011	As at March 31, 2010
I. SOURCES OF FUNDS :			
Shareholders' funds			
Capital	1	52,887,180	52,882,180
Reserves and Surplus	2	1,065,394,614	791,973,912
TOTAL		1,118,281,794	844,856,092
II. APPLICATION OF FUNDS :			
Fixed Assets			
Gross Block	3	1,199,688	-
Less : Depreciation		262,970	-
Net Block		936,718	-
Deferred Tax asset		274,155	-
Investments	4	588,376,791	589,380,000
Current Assets, Loans & Advances			
Cash and bank balances	5	545,659,652	256,034,875
Other current assets	6	886,035	84,106
Loans and advances	7	2,000	-
		546,547,687	256,118,981
Less : Current Liabilities & Provisions			
Current Liabilities	8	2,188,519	609,889
Provisions	9	15,665,038	33,000
		17,853,557	642,889
Net Current Assets		528,694,130	255,476,092
TOTAL		1,118,281,794	844,856,092
Notes to Accounts	12		

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

As per our attached report of even date

For and on behalf of the Board of Directors

For M/s P. G. Bhagwat
Chartered Accountants

ATUL C. KIRLOSKAR
Chairman

A. C. KULKARNI
Executive Director

PANKAJA BHAGWAT
Partner
Membership No.: 86155
Firm's Registration No.: 101118W

VIKAS VOHRA
Assistant Company Secretary

Pune : April 26, 2011

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

		Rupees 2010-2011	Rupees 2009-2010
INCOME :			
Dividend from Investments		276,816,608	230,314,606
Interest on Fixed Deposit (Gross, Tax deducted at source Rs. 2,895,019/-, previous year Rs. Nil)		28,862,371	84,106
Profit on sale of Investments		-	597,483
Interest on Loan to Subsidiary Company - Nashik Silk Industries Ltd.		23,433	-
	TOTAL	305,702,412	230,996,195
EXPENDITURE :			
Employee Cost	10	5,274,797	443,346
Operating and other expenses	11	3,736,394	1,684,247
Depreciation		262,970	-
Loss on sale of Investments		3	-
	TOTAL	9,274,164	2,127,593
Profit / (Loss) before Tax		296,428,248	228,868,602
Provision for Tax :			
Current Tax		7,910,000	-
Deferred tax		(274,155)	-
		7,635,845	-
Profit / (Loss) after Tax		288,792,403	228,868,602
Balance brought forward from previous year		228,868,602	-
Profit available for Appropriations		517,661,005	228,868,602
Appropriations :			
Proposed Final Dividend		13,221,795	-
Tax on Proposed Dividend		2,144,906	-
Transfer to Reserve Fund in terms of Section 45-IC of the Reserve Bank of India Act, 1934		57,758,481	-
Transfer to General Reserve		28,879,240	-
Net profit / Surplus carried to Balance Sheet		415,656,583	228,868,602
		517,661,005	228,868,602
Basic & Diluted Earning Per Equity Share - not annualised (Refer Note No. B 2) (Nominal Value per Share Rs.10)		54.61	43.28

Notes to Accounts

12

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

As per our attached report of even date

For and on behalf of the Board of Directors

For M/s P. G. Bhagwat
Chartered Accountants

ATUL C. KIRLOSKAR
Chairman

A. C. KULKARNI
Executive Director

PANKAJA BHAGWAT
Partner
Membership No.: 86155
Firm's Registration No.: 101118W

VIKAS VOHRA
Assistant Company Secretary

Pune : April 26, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

PARTICULARS	Rupees	Rupees
	2010-2011	2009-2010
A. Cash Flow from Operating Activities		
Net Profit before taxation and extra ordinary items	296,428,248	228,868,602
Adjustments for		
Preliminary Expenses write off	-	337,380
Pre - Operative expenses write off	-	1,078,180
Depreciation	262,970	-
(Profit)/Loss on sale of Shares	3	(597,483)
Operating profits before working capital changes	296,691,221	229,686,679
Increase/(decrease) in sundry creditors	1,775,196	642,889
(Increase) /decrease in trade and other receivables	(803,929)	(84,106)
Income tax (paid)/refunded	(7,841,229)	-
Net Cash Flow from Operating Activities	289,821,259	230,245,462
B. Cash Flow from Investing Activities		
(Purchase)/sale of Investments (net)	1,003,206	26,704,973
(Purchase)/ sale of Fixed Assets	(1,199,688)	-
Net Cash Flow from Investing Activities	(196,482)	26,704,973
C. Cash Flow from Financing Activities		
Issuance of Shares	-	500,000
Preliminary Expenses	-	(337,380)
Pre - Operative Expenses	-	(1,078,180)
Net Cash Flow from Financing Activities	-	(915,560)
Net Increase in Cash & Cash Equivalents	289,624,777	256,034,875
Cash and Cash Equivalents at beginning of year (Refer Schedule 5)	256,034,875	-
Cash and Cash Equivalents at end of year (Refer Schedule 5)	545,659,652	256,034,875

As per our attached report of even date

For and on behalf of the Board of Directors

For M/s P. G. Bhagwat
Chartered Accountants

ATUL C. KIRLOSKAR
Chairman

A. C. KULKARNI
Executive Director

PANKAJA BHAGWAT
Partner
Membership No.: 86155
Firm's Registration No.: 101118W

VIKAS VOHRA
Assistant Company Secretary

Pune : April 26, 2011

SCHEDULE NOS. 1 TO 12 ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

	Rupees As at March 31, 2011	Rupees As at March 31, 2010
SCHEDULE 1		
SHARE CAPITAL		
Authorised :		
10,000,000 (10,000,000) Equity shares of Rs. 10/- each	100,000,000	100,000,000
	100,000,000	100,000,000
Issued :		
5,288,718 (5,288,218) Equity shares of Rs. 10/- each	52,887,180	52,882,180
	52,887,180	52,882,180
Subscribed And Paid up :		
5,288,718 (5,288,218) Equity shares of Rs. 10/- each	52,887,180	52,882,180
TOTAL	52,887,180	52,882,180

SCHEDULE 2 RESERVES AND SURPLUS

General Reserve :		
Balance as per last account	563,105,310	-
Add : Transfer during the year	28,879,240	563,105,310
Less : Written off	5,000	-
	591,979,550	563,105,310
Reserve Fund :		
In terms of Section 45-IC of the Reserve Bank of India Act, 1934		
Balance as per last account	-	-
Add : Transfer from profit and loss account	57,758,481	-
	57,758,481	-
Profit & Loss Account	415,656,583	228,868,602
TOTAL	1,065,394,614	791,973,912

**SCHEDULE 3
FIXED ASSETS**

	Motor Car	Computer & Printer	Office Equipments	Total	Rupees Previous Year
Gross Block					
At 01.04.2010	-	-	-	-	-
Additions	1,070,000	96,388	33,300	1,199,688	-
Deductions	-	-	-	-	-
At 31.03.2011	1,070,000	96,388	33,300	1,199,688	-
Depreciation					
At 01.04.2010	-	-	-	-	-
For the year	241,352	21,529	89	262,970	-
Deductions	-	-	-	-	-
At 31.03.2011	241,352	21,529	89	262,970	-
Net Block					
At 31.03.2011	828,648	74,859	33,211	936,718	-
At 31.03.2010	-	-	-	-	-

Rupees	Rupees
As at	As at
March 31, 2011	March 31, 2010

**SCHEDULE 4
INVESTMENTS (AT COST)**

Long Term Investments (At cost) :

A. Trade

Quoted

55,430,262 (Nil) equity shares of Rs.2/- each in Kirloskar Oil Engines Ltd. (Formerly - Kirloskar Engines India Ltd.) (Refer Note No. B 8)	205,404,401	-
3,695,163 (73,903,270) equity shares of Rs. 10/- (Rs.2/-) each in Kirloskar Industries Ltd. (Formerly - Kirloskar Oil Engines Ltd.) (Refer Note No. B 8)	199,979,544	404,980,851
4,547,254 (4,547,254) equity shares of Rs.10/- each in Kirloskar Pneumatic Company Ltd.	125,655,633	125,655,633
2,000 (400) equity shares of Rs.2/- (Rs.10/-) each in Housing Development Finance Corporation Ltd.	9,500	9,500
1,081 (1,081) equity shares of Rs.10/- each in ICICI Bank Ltd.	100,000	100,000
60,000 (60,000) equity shares of Rs.5/- each in Kulkarni Power Tools Ltd.	301,500	301,500
Total :	531,450,578	531,047,484

	Rupees As at March 31, 2011	Rupees As at March 31, 2010
SCHEDULE 4 (Contd.)		
INVESTMENTS (AT COST)		
Long Term Investments (At cost) :		
Unquoted		
1,272 (1,272) ordinary shares of K.Sh. 1,000/- each in Kirloskar Kenya Ltd.	850,662	850,662
56,250 (112,500) equity shares of Singapore \$1 each in Kirsons Trading Pte Ltd.	1,119,481	2,525,731
Nil (1) equity share of Rs. 50/- each in Maharashtra State Co-Operative Bank Ltd.	-	53
100 (100) equity shares of Rs.5,000/- each in Kranti Sahakari Sakhar Karkhana Ltd.	500,000	500,000
Total :	2,470,143	3,876,446
B. In Subsidiary Companies		
Unquoted		
Fully Paid up		
3,445,477 (3,445,477) equity shares of Rs. 10/- each in Pooja Credits Private Ltd.	34,454,770	34,454,770
2,000,130 (2,000,130) equity shares of Rs. 10/- each in Nashik Silk Industries Ltd. (Formerly Kirloskar Silk Industries Ltd.)	20,001,300	20,001,300
Total :	54,456,070	54,456,070
Grand Total :	588,376,791	589,380,000
Aggregate amount of quoted investments	531,450,578	531,047,484
Market value	11,488,194,644	14,079,361,743
Aggregate amount of unquoted investments	56,926,213	58,332,516

	Rupees	Rupees
	As at	As at
	March 31, 2011	March 31, 2010
SCHEDULE 5		
CASH AND BANK BALANCES		
Cash on hand	14,001	-
Balance in current account	1,872,388	2,634,875
Fixed Deposits with Bank	543,773,263	253,400,000
TOTAL	<u>545,659,652</u>	<u>256,034,875</u>
SCHEDULE 6		
OTHER CURRENT ASSETS		
Interest Accrued on Fixed Deposits with Bank	873,013	84,106
Prepaid Expenses	13,022	-
TOTAL	<u>886,035</u>	<u>84,106</u>
SCHEDULE 7		
LOANS AND ADVANCES		
Other advances	2,000	-
TOTAL	<u>2,000</u>	<u>-</u>
SCHEDULE 8		
CURRENT LIABILITIES		
Sundry Creditors	2,188,519	609,889
TOTAL	<u>2,188,519</u>	<u>609,889</u>
SCHEDULE 9		
PROVISIONS		
Provision for Taxation (Net of Advance Income Tax)	68,771	-
Provision for Leave encashment	123,571	22,000
Provision for Gratuity	105,995	11,000
Proposed Final Dividend	13,221,795	-
Tax on Proposed Final Dividend	2,144,906	-
TOTAL	<u>15,665,038</u>	<u>33,000</u>

	Rupees 2010-2011	Rupees 2009-2010
SCHEDULE 10		
EMPLOYEE COST		
Managerial Remuneration	4,081,161	402,346
Salaries	619,167	30,000
Contribution to provident and other funds	448,143	-
Gratuity	110,240	11,000
Welfare expenses	16,086	-
TOTAL	5,274,797	443,346

SCHEDULE 11		
OPERATING AND OTHER EXPENSES		
Rent, Rates & Taxes	349,483	43,406
Royalty	105,000	104,000
Legal & Consultation Fees	439,610	2,000
Auditors' remuneration	154,420	82,725
Filing & application fees	174,531	-
Directors' Fees	220,000	10,000
Directors' Commission	440,000	-
Printing & publication	1,495,902	-
Travelling and Conveyance	233,476	-
Postage & Telephone	81,337	2,206
Other miscellaneous expenses	35,788	24,350
Bank Charges	6,847	-
Preliminary Expenses write off	-	337,380
Pre - Operative expenses write off	-	1,078,180
TOTAL	3,736,394	1,684,247

SCHEDULE 12 : NOTES FORMING PART OF ACCOUNTS

A) Significant Accounting Policies

1) Basis of preparation of financial statements

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

2) Fixed Assets

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

3) Depreciation

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

4) Investments

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

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

5) Employee Benefits

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

I. Short Term Employee Benefits:

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

II. Post-Employment Benefits:

- (a) **Defined Contribution Plans** : The Company's approved superannuation scheme and state government provident fund scheme are defined contribution plans. The contribution paid / payable under the schemes is recognised during the period in which the employee renders the related service.
- (b) **Defined Benefit Plans** : The employees' gratuity fund scheme is the Company's defined benefit plan. The value of such obligation has been determined in terms of their entitlement based on the accrued liability on actual completed services at the end of the year.

III. Long Term Employee Benefits:

The obligation for long term employee benefits such as long term compensated absences is determined in terms of their entitlement based on the actual completed service at the end of the year.

6) Taxes on Income

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

7) Provisions

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

8) Preoperative and preliminary expenses

Preoperative and preliminary expenses are written off in first year.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

B) OTHER NOTES:

1. Related Party Disclosures :

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. Disclosure of transaction with Related Parties are as under :

(A) Names of the related parties :

1. Subsidiary Companies -

Name of the Company
Nashik Silk Industries Limited (Formerly Kirloskar Silk Industries Limited)
Pooja Credits Private Limited

2. Associate Companies - Nil
3. Joint Venture Companies - Nil
4. Companies controlled by Key Management Personnel - Nil
5. Key Management Personnel and their relatives -

Key Management Personnel		
Name	Designation	Relatives
Anil C. Kulkarni	Executive Director	Asmita Kulkarni , Atul Kulkarni, Amruta Mavalankar , Leela Kulkarni, Narendra Kulkarni

(B) Related Party Transactions during the period :

	Rupees <u>2010-2011</u>	Rupees <u>2009-2010</u>
1. Loan to Nashik Silk Industries Limited (Formerly Kirloskar Silk Industries Limited)	1,193,185	-
Interest on Loan	<u>23,433</u>	-
Total :	1,216,618	-
(Repaid on 17th January 2011 with Interest)		
2. Remuneration to Executive Director - Anil C. Kulkarni	<u>4,487,917</u>	<u>402,346</u>
3. Amounts due/receivable		
Nashik Silk Industries Limited	Nil	Nil
(Formerly Kirloskar Silk Industries Limited)		

2. Earning per Share :

- (a) The amount used as the numerator in calculating basic and diluted earning per share is the Profit after Tax, disclosed in the Profit & Loss Account.
- (b) The weighted average number of equity shares used as the denominator in calculating basic and diluted earning per share is 52,88,718.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

3. Remuneration to Auditors :

Statutory Auditors :

	Rupees	Rupees
	<u>2010-2011</u>	<u>2009-2010</u>
a) Audit Fees	154,420	82,725
b) For Certification	111,128	6,067

4. Contingent Liabilities not provided in respect of :

- (i) Demand notice of Rs.55,60,121 issued by Deputy Superintendent of Stamps, Mumbai for stamp duty on transfer of investments from Kirloskar Brothers Limited to Kirloskar Brothers Investments Limited in terms of the Scheme of Arrangement. The Company has vide its letter dated 8 May 2010 informed the Stamp Authorities that the said transfer attracts Nil stamp duty, to which no written communication has been received.

5. Managerial Remuneration:

(a) Commission payable to Executive Director and other Directors :

	Rupees	Rupees
	<u>2010 - 2011</u>	<u>2009 - 2010</u>
Profit as per Profit and Loss Account before provision for taxation	296,428,248	228,868,602
Add:		
Managerial Remuneration	4,487,917	402,346
Directors Fees and commission	660,000	10,000
Profit for the purpose of Managerial remuneration and Directors'	301,576,165	229,280,948
Commission under Section 349 of the Companies Act, 1956		
Executive Directors' remuneration @5%	15,078,808	11,464,047
Restricted to	4,487,917	402,346
Non Executive Directors' Commission @1%	3,015,762	2,292,809
Restricted to	440,000	-
(b) Details of Managerial Remuneration :		
Salary, Commission, Perquisites etc.	4,081,161	402,346
Contribution to provident fund and superannuation fund	406,756	-
	<u>4,487,917</u>	<u>402,346</u>

6. Earnings in Foreign Currencies:

Dividend received	392,380	-
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7. Employee Benefits :

I Defined Contribution Plans:

Amount of Rs 448,143/- (Nil) is recognised as an expense and included in "Employee Cost" (Schedule 10) in the Profit and Loss Account.

The Company has during the year contributed towards the Group Gratuity Scheme of Life Insurance Corporation of India. As the company has only five employees as on 31st March 2011, it is not considered practicable or material to obtain an actuarial valuation of this Defined benefit obligation on account of gratuity and long term liability on account of leave encashment of Accounting Standard 15 "Employee benefits". The company has accounted for these liabilities in the manner specified in note A5.

II Defined Benefit Plans:

- a) The amount recognised in Balance Sheet for Gratuity funded by the Life Insurance Corporation of India is Rs. 105,995/-. (In the previous year the liability on account of Gratuity not funded).
- b) The amount recognised in Profit and Loss Account is Rs. 110,240/- (Rs. 11,000/-).

NOTES FORMING PART OF ACCOUNTS (CONTD.)

III Long term Employee benefit:

- a) The amount recognised in Balance Sheet is Rs. 123,571/- (Rs. 22,000/-).
- b) The amount recognised in Profit and Loss Account is Rs. 101,571/- (Rs. 22,000/-).

8. Pursuant to the Scheme of Arrangement of Demerger between Kirloskar Oil Engines Ltd. (KOEL) (known as Kirloskar Industries Ltd.(KIL) with effect from 31st March 2010) and Kirloskar Engines India Ltd. (KEIL) (known as Kirloskar Oil Engines Ltd. (KOEL) with effect from 2nd June 2010) as approved by the Hon'ble High Court of Judicature at Bombay vide its Order dated 31st July 2009 read with its order dated 19th March 2010, 3,695,163 equity shares of Rs. 10/- each of KIL and 55,427,452 equity shares of Rs. 2/- each of KOEL were allotted to the Company.

Out of the total 55,427,452 equity shares of Rs.2/- each of KOEL allotted to the company, 29,125,950 equity shares are under lock-in for a period of 3 years from the date of listing of shares of KOEL on both the Stock Exchanges i.e. from 24th December 2010.

9. The Company had made an application to the Reserve Bank of India (RBI) for Certificate of Registration as a Non Banking Financial Company (NBFC). However, based on the RBI notification dated 5th January 2011 on Core Investment Companies (CIC), the Company fulfilled the requirements of being classified as a CIC NBFC. Based on the notification dated 5 January 2011, the Company has informed the RBI that the Company fulfills the requirements of being classified as a CIC NBFC. The Company further informed RBI that it can now carry on the business as a CIC NBFC.

10. Deferred tax (net):

Particulars	Rupees 2010-2011	Rupees 2009-2010
Deferred tax assets		
a) On depreciation of fixed assets	19,132	-
b) On provision for employee benefits	32,955	-
c) On preliminary expenses	222,068	-
	<u>274,155</u>	<u>-</u>
Deferred tax liabilities	-	-
Deferred tax assets (net)	274,155	-

11. The Board of Directors of the Company vide Circular Resolution dated 22 February 2011 approved the Scheme of Amalgamation of Pooja Credits Private Limited (PCPL) with the Company in terms of section 391-394 of the Companies Act, 1956. PCPL is a wholly owned subsidiary of the Company. Petition is filed by PCPL with the Hon'ble High Court of Judicature at Bombay for approving the same.
12. Figures for the current year are not comparable with those of the previous year, as the financial statements of the previous year were for the period from 16 April 2009 to 31 March 2010.
13. Previous year's figures have been regrouped, wherever necessary.

As per our attached report of even date

For and on behalf of the Board of Directors

For M/s P. G. Bhagwat
Chartered Accountants

ATUL C. KIRLOSKAR
Chairman

A. C. KULKARNI
Executive Director

PANKAJA BHAGWAT
Partner
Membership No.: 86155
Firm's Registration No.: 101118W

VIKAS VOHRA
Assistant Company Secretary

Pune : April 26, 2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(Inserted vide Notification No. GSR388(E), dated 15.05.1995)

I. Registration Details

Registration No.
 State Code Balance Sheet Date

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

Public Issue
 Rights Issue
 Bonus Issue
 Private Placement
 Scheme of Arrangement

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

Total Liabilities
 Total Assets
 Sources of Funds
 Paid Up Capital
 Reserves and Surplus
 Application of Funds
 Secured Loans
 Unsecured Loans
 Net Fixed Assets
 Investments
 Net Current Assets
 Misc. Expenses
 Accumulated Losses
 Deferred Tax Asset

IV. Performance of the Company (Amount in Rs. Thousands)

Turnover
 Total Expenditure

V. Profit of Company

(Please tick appropriate box -> + for Profit, - for Loss)

Earning per share (Rs.)
 Dividend Rate %

VI. Generic name of three principal products/services of Company (as per monetary terms)

Item Code No. (ITC Code)
 Product Description

As per our attached report of even date

For and on behalf of the Board of Directors

For M/s P. G. Bhagwat
Chartered Accountants

ATUL C. KIRLOSKAR
Chairman

A. C. KULKARNI
Executive Director

PANKAJA BHAGWAT
Partner
Membership No.: 86155
Firm's Registration No.: 101118W

VIKAS VOHRA
Assistant Company Secretary

Pune : April 26, 2011

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

Sr. No.	Name of the Subsidiaries	Pooja Credits Pvt. Ltd.	Nashik Silk Industries Ltd. (Formerly Kirloskar Silk Industries Ltd.)
1.	The Financial year of the Subsidiary Companies ended on	March 31, 2011	March 31, 2011
2.	Holding Company's Interest	Controls composition of the Board and also owns 100% of Equity Share Capital	Controls composition of the Board and also owns 100% of Equity Share Capital
3.	Net aggregate amount of Subsidiary's Profits / (Losses) as far as it concerns members of the holding company not dealt with the Holding Company's accounts :		
	(I) Profit / (Loss) for the Subsidiary's financial year ended Rs.	62,567,774	(6,109,868)
	(ii) Profit / (Losses) for its previous financial years since becoming subsidiary. Rs.	48,076,089	(15,701)
4.	Net aggregate amount of Subsidiary's Profits / (Losses) dealt with in the Holding Company's accounts :		
	(i) For the Subsidiary's financial year ended March 31, 2011	NIL	NIL
	(ii) For its previous financial years	NIL	NIL

As per our attached report of even date

For and on behalf of the Board of Directors

For M/s P. G. Bhagwat
Chartered Accountants

ATUL C. KIRLOSKAR
Chairman

A. C. KULKARNI
Executive Director

PANKAJA BHAGWAT
Partner
Membership No.: 86155
Firm's Registration No.: 101118W

VIKAS VOHRA
Assistant Company Secretary

Pune : April 26, 2011

The Central Government has vide its Circular dated 8 February 2011 issued Directions under section 212 of the Companies Act, 1956 (Act), granting general permission to all the companies for not attaching the documents of its subsidiary companies as referred to in section 212 (1) of the Act. Accordingly, the Company is giving the following information in respect of its subsidiaries for the financial year ended 31 March 2011 and for the corresponding previous year ended 31 March 2010.

Particulars	Pooja Credits Pvt. Ltd.		Nashik Silk Industries Ltd. (Formerly Kirloskar Silk Industries Ltd.)	
	March 31, 2011 Rupees	March 31, 2010 Rupees	March 31, 2011 Rupees	March 31, 2010 Rupees
Balance Sheet				
Share Capital	34,454,770	34,454,770	20,001,300	20,001,300
Reserves and Surplus	210,672,069	148,104,295	-	-
Minority Interst	-	-	-	-
Assets				
Fixed Assets	-	-	18,429,624	18,429,624
Intangible Assets	-	-	-	-
Investments (See Note No.1 for details)	131,752,068	128,005,451	-	-
Current Assets	113,388,007	54,566,850	740,114	159,604
Deferred Tax	-	-	-	-
Miscellaneous Expenditure	-	-	-	-
Total Assets	490,266,914	365,131,366	39,171,038	38,590,528
Liabilities				
Secured Loans	-	-	-	-
Unsecured Loans	-	-	7,061,566	418,331
Current Liabilities and Provisions	13,236	13,236	1,059,987	1,012,844
Deferred Tax	-	-	-	-
Total Liabilities	13,236	13,236	8,121,553	1,431,175
Balance of Profit & Loss Account	-	-	(8,953,115)	(2,843,247)
Profit & Loss Account				
Turnover	64,472,129	48,964,176	-	-
Profit before Taxation	64,373,774	48,676,089	(6,109,868)	(15,701)
Provision for Taxation	1,806,000	600,000	-	-
Profit after Taxation	62,567,774	48,076,089	(6,109,868)	(15,701)
Interim Dividend	-	-	-	-
Proposed Dividend	-	-	-	-
Note 1 :				
Details of Investments				
12,751,567 (Nil) equity shares of Rs.2/- each in Kirloskar Oil Engines Ltd. (Earlier known as Kirloskar Engines India Ltd.)	29,454,800	-	-	-
850,104 (17,002,090) equity shares of Rs.10/- (Rs.2/-) each in Kirloskar Industries Ltd. (Earlier Known as Kirloskar Oil Engines Ltd.)	28,733,267	58,188,067	-	-
3,800,000 (3,800,000) equity shares of Rs.5/- each in Kirloskar Ferrous Industries Ltd.	69,100,000	69,100,000	-	-
57,650 (57,650) equity shares of Rs. 10/- each in Kirloskar Investments & Finance Ltd.	1,153,000	1,153,000	-	-
200 (200) equity shares of Rs. 10/- each in Bank of India	9,000	9,000	-	-
4,45,500 (445,500) equity shares of Rs.10/- each in Kirloskar Consultants Ltd.	4,455,000	4,455,000	-	-
Warrants				
1,800,000 (1,800,000) Detachable Warrants held in Kirloskar Ferrous Industries Ltd. offered on exercise of 'Rights' option, convertible into equity shares at the option of shareholders at a price of Rs. 35/- per warrant after 12 months but before 36 months from the date of allotment i.e. 13.03.2007, which has been further extended upto 13.03.2013	-	-	-	-
Sub Total	132,905,067	132,905,067	-	-
Less: Provision for Decline in value of Investments (Net)	1,152,999	4,899,616	-	-
	131,752,068	128,005,451	-	-

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF KIRLOSKAR BROTHERS INVESTMENTS LIMITED

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

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

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

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

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

**For M/s P. G. BHAGWAT
Chartered Accountants**

**Pankaja Bhagwat
Partner**

Membership No.: 86155
Firms Registration No.: 101118W

Pune : April 26, 2011

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

	SCHEDULE	Rupees	
		As at March 31, 2011	As at March 31, 2010
I. SOURCES OF FUNDS			
Shareholders' funds			
Capital	1	52,887,180	52,882,180
Reserves and surplus	2	1,267,113,567	937,234,960
Loan Funds			
Unsecured Loan		418,331	418,331
	TOTAL	1,320,419,078	990,535,471
II. APPLICATION OF FUNDS			
Fixed Assets	3		
Gross Block		19,629,312	18,429,624
Less : Depreciation		262,970	-
Net Block		19,366,342	18,429,624
Deferred Tax asset		274,155	-
Investments		665,672,789	662,929,381
Current Assets, Loans & Advances			
Cash and bank balances	4	651,510,360	309,751,128
Other current assets	5	1,030,988	97,174
Loans and advances	6	1,491,224	997,133
		654,032,572	310,845,435
Less : Current Liabilities & Provisions			
Current Liabilities	7	3,261,742	1,668,969
Provisions	8	15,665,038	-
		18,926,780	1,668,969
Net Current Assets		635,105,792	309,176,466
	TOTAL	1,320,419,078	990,535,471
Notes to Accounts	11		

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

As per our attached report of even date

For and on behalf of the Board of Directors

For M/s P. G. Bhagwat
Chartered Accountants

ATUL C. KIRLOSKAR
Chairman

A. C. KULKARNI
Executive Director

PANKAJA BHAGWAT
Partner
Membership No.: 86155
Firm's Registration No.: 101118W

VIKAS VOHRA
Assistant Company Secretary

Pune : April 26, 2011

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

	SCHEDULE	Rupees	
		2010-2011	2009-2010
INCOME			
Dividend from Investments		331,624,276	275,706,944
Interest on Fixed Deposit (Gross)		34,676,620	753,815
Profit on Sale of Investments		-	3,499,613
Provision for decline in value of Investments written back (Net)		3,746,617	-
	TOTAL	370,047,513	279,960,372
EXPENDITURE			
Employee Cost	9	5,308,130	703,346
Operating and other expenses	10	9,784,257	1,728,035
Depreciation		262,970	-
Loss on sale of Investments		3	-
	TOTAL	15,355,360	2,431,381
Profit/(Loss) before tax		354,692,153	277,528,991
Provision for Tax :			
Current Tax		9,716,000	600,000
Deferred Tax		(274,155)	-
		9,441,845	600,000
Profit/(Loss) after tax		345,250,308	276,928,991
Balance brought forward from previous year		276,928,991	-
Profit available for Appropriations		622,179,299	276,928,991
Less : Appropriations :			
Proposed Final Dividend		13,221,795	-
Tax on Proposed Dividend		2,144,906	-
Transfer to Reserve Fund		57,758,481	-
In terms of Section 45-IC of the Reserve Bank of India Act, 1934			
Transfer to General Reserve		28,879,240	-
Net profit / Surplus carried to Balance Sheet		520,174,877	276,928,991
		622,179,299	276,928,991
Basic & Diluted Earning Per Equity Share - not annualised (Refer Note No. B 4) (Nominal Value per Share Rs. 10)		65.28	52.37

Notes to Accounts

11

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

As per our attached report of even date

For and on behalf of the Board of Directors

For M/s P. G. Bhagwat
Chartered Accountants

ATUL C. KIRLOSKAR
Chairman

A. C. KULKARNI
Executive Director

PANKAJA BHAGWAT
Partner
Membership No.: 86155
Firm's Registration No.: 101118W

VIKAS VOHRA
Assistant Company Secretary

Pune : April 26, 2011

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

PARTICULARS	Rupees	
	2010-2011	2009-2010
A. Cash Flow from Operating Activities		
Net Profit before taxation and extra ordinary items	354,692,153	277,528,991
Adjustments for:		
Preliminary Expenses write off	-	337,380
Pre - Operative expenses write off	-	1,078,180
Depreciation	262,970	-
Provision for decline in value of investments written back	(3,746,617)	-
Profit on sale of Shares	3	(3,499,613)
Operating profits before working capital changes	351,208,509	275,444,938
Increase/(decrease) in sundry creditors	1,822,340	607,007
(Increase) /decrease in trade and other receivables	(1,435,814)	(97,174)
Income tax (paid)/refunded	(9,639,321)	(868,929)
Net Cash Flow from Operating Activities	341,955,714	275,085,842
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(1,199,688)	-
Sale of Shares	1,003,206	34,952,839
Net Cash Flow from Investing Activities	(196,482)	34,952,839
C. Cash Flow from Financing Activities		
Issuance of Shares	-	500,000
Preliminary Expenses	-	(337,380)
Pre - Operative Expenses	-	(1,078,180)
Other Borrowings	-	11,927
Net Cash Flow from Financing Activities	-	(903,633)
Net Increase in Cash & Cash Equivalents	341,759,232	309,135,047
Cash and Cash Equivalents at beginning of year (refer schedule 4)	309,751,128	-
Cash and Cash Equivalents on acquisition of Subsidiaries	-	616,081
Cash and Cash Equivalents at end of year (refer schedule 4)	651,510,360	309,751,128

As per our attached report of even date

For and on behalf of the Board of Directors

For M/s P. G. Bhagwat
Chartered Accountants

ATUL C. KIRLOSKAR
Chairman

A. C. KULKARNI
Executive Director

PANKAJA BHAGWAT
Partner
Membership No.: 86155
Firm's Registration No.: 101118W

VIKAS VOHRA
Assistant Company Secretary

Pune : April 26, 2011

SCHEDULE NOS. 1 TO 11 ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

	Rupees As at March 31, 2011	Rupees As at March 31, 2010
SCHEDULE 1		
SHARE CAPITAL		
Authorised 10,000,000 (10,000,000) Equity shares of Rs. 10/- each	100,000,000	100,000,000
	<u>100,000,000</u>	<u>100,000,000</u>
Issued 5,288,718 (5,288,218) Equity shares of Rs. 10/- each	52,887,180	52,882,180
	<u>52,887,180</u>	<u>52,882,180</u>
Subscribed and paid up 5,288,718 (5,288,218) Equity shares of Rs. 10/- each	52,887,180	52,882,180
TOTAL	<u><u>52,887,180</u></u>	<u><u>52,882,180</u></u>
SCHEDULE 2		
RESERVES AND SURPLUS		
Capital Reserve (on account of acquisition of subsidiary companies)	97,200,659	97,200,659
General Reserve		
Balance as per last account	563,105,310	-
Add : Transfer during the year	28,879,240	563,105,310
Less : Written off	5,000	-
	<u>591,979,550</u>	<u>563,105,310</u>
Reserve Fund In terms of Section 45-IC of the Reserve Bank of India Act, 1934		
Balance as per last account	-	-
Add : transfer from profit and loss account	57,758,481	-
	<u>57,758,481</u>	-
Profit and Loss Account	520,174,877	276,928,991
TOTAL	<u><u>1,267,113,567</u></u>	<u><u>937,234,960</u></u>

SCHEDULE 3 : FIXED ASSETS

Rupees

	Motor Car	Computer & Printer	Office Equipments	Land (Freehold)	Total	Previous Year
Gross Block						
At 01.04.2010	-	-	-	18,429,624	18,429,624	18,429,624
Additions	1,070,000	96,388	33,300	-	1,199,688	-
Deductions	-	-	-	-	-	-
At 31.03.2011	1,070,000	96,388	33,300	18,429,624	19,629,312	18,429,624
Depreciation						
At 01.04.2010	-	-	-	-	-	-
For the year	241,352	21,529	89	-	262,970	-
Deductions	-	-	-	-	-	-
At 31.03.2011	241,352	21,529	89	-	262,970	-
Net Block						
At 31.03.2011	828,648	74,859	33,211	18,429,624	19,366,342	18,429,624
At 31.03.2010	-	-	-	18,429,624	18,429,624	

	Rupees	Rupees
	As at	As at
	March 31, 2011	March 31, 2010

SCHEDULE 4

CASH AND BANK BALANCES

Cash on hand	19,662	-
Balance in current account	3,577,978	3,351,128
Fixed Deposit with Bank	647,912,720	306,400,000
TOTAL	651,510,360	309,751,128

SCHEDULE 5

OTHER CURRENT ASSETS

Interest Accrued on Fixed Deposits with Bank	1,017,966	97,174
Prepaid Expenses	13,022	-
TOTAL	1,030,988	97,174

SCHEDULE 6

LOANS AND ADVANCES

Deposits with post & others	120,150	120,150
Advances	502,000	-
Advance Income tax (net of provision for tax)	869,074	876,983
TOTAL	1,491,224	997,133

SCHEDULE 7

CURRENT LIABILITIES

Sundry Creditors	3,261,742	1,668,969
TOTAL	3,261,742	1,668,969

SCHEDULE 8

PROVISIONS

Provision for Taxation (Net of Advance Income Tax)	68,771	-
Provision for Leave encashment	123,571	-
Provision for Gratuity	105,995	-
Proposed Final Dividend	13,221,795	-
Tax on Proposed Final Dividend	2,144,906	-
TOTAL	15,665,038	-

	Rupees 2010-2011	Rupees 2009-2010
SCHEDULE 9		
EMPLOYEE COST		
Managerial Remuneration	4,081,161	402,346
Salaries	652,500	290,000
Contribution to provident and other funds	448,143	-
Gratuity	110,240	11,000
Welfare expenses	16,086	-
TOTAL	5,308,130	703,346

SCHEDULE 10

OPERATING AND OTHER EXPENSES

Rent, Rates and taxes	349,483	43,406
Royalty	105,000	-
Legal and Consultation fees	6,423,118	-
Auditors Remuneration	183,098	-
Filing and application fees	177,375	-
Directors' fees	220,000	10,000
Directors' Commission	440,000	-
Printing & publication	1,495,902	-
Travelling and Conveyance	233,476	-
Postage and telephone	81,337	2,206
Other miscellaneous expenses	75,468	256,863
Preliminary expenses written off	-	337,380
Pre-operative expenses written off	-	1,078,180
TOTAL	9,784,257	1,728,035

SCHEDULE 11 : NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

A. ACCOUNTING POLICIES

1) Principles of Consolidation :

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

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

Name of the Company	Country of Incorporation	Proportion of Ownership Interest of KBIL	Reporting Date
Pooja Credits Private Limited	India	100%	31/3/2011
Nashik Silk Industries Limited (formerly known as Kirloskar Silk Industries Limited)	India	100%	31/3/2011

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

2) Fixed Assets :

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

3) Other Accounting Policies :

They are set out in the notes to accounts of the parent company - Kirloskar Brothers Investments Limited.

B. OTHER NOTES

1) Contingent liabilities :

- Notice received from Tahasildar Dindori (Nasik Dist) in respect of tax on non utilisation of land Rs. 2,726,125/- (PY 2,726,125/-) for Nashik Silk Industries Ltd. (Formerly Kirloskar Silk Industries Ltd.)
- Demand notice of Rs. 55,60,121/- issued by Deputy Superintendent of Stamps, Mumbai for stamp duty on transfer of investments from Kirloskar Brothers Limited to Kirloskar Brothers Investments Limited in terms of the Scheme of Arrangement. The Company has vide its letter dated 8 May 2010 informed the Stamp Authorities that the said transfer attracts Nil stamp duty, to which no written communication has been received.

2) Related Party Disclosures :

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. Disclosure of transaction with Related Parties are as under :

(A) Names of the related parties :

- Subsidiary Companies -

Name of the Company
Pooja Credits Private Limited
Nashik Silk Industries Limited (Formerly Kirloskar Silk Industries Limited)

- Associate Companies - Nil
- Joint Venture Companies - Nil
- Companies controlled by Key Management Personnel - Nil

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (CONTD.)

5. Key Management Personnel and their relatives -

Key Management Personnel		
Name	Designation	Relatives
Anil C. Kulkarni	Executive Director	Asmita Kulkarni, Atul Kulkarni, Amruta Mavalankar, Leela Kulkarni, Narendra Kulkarni

(B) Related Party Transactions during the period :

	Rupees 2010-2011	Rupees 2009-2010
1. Nashik Silk Industries Limited		-
Loan to Nashik Silk Industries Limited (Formerly Kirloskar Silk Industries Limited) by KBIL	1,193,185	
Interest on Loan	23,433	-
Total :	1,216,618	-
(Repaid on 17th January 2011 with Interest)		
2. Inter Company deposit (ICD) given to Nashik Silk Industries Ltd (Formerly Kirloskar Silk Industries Limited) by Pooja Credits Private Limited	6,550,000	-
Interest on ICD	103,595	-
Total :	6,653,595	-
3. Remuneration to Executive Director Anil C. Kulkarni	4,487,917	402,346

3) Earnings in Foreign Currencies:

Dividend received	392,380	-
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4) Earning per Share :

- The amount used as the numerator in calculating basic and diluted earning per share is the Profit after Tax, disclosed in the Profit & Loss Account.
- The weighted average number of equity shares used as the denominator in calculating basic and diluted earning per share is 5,288,718 (5,288,218).

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (CONTD.)

- 5) Pursuant to the Scheme of Arrangement of Demerger between Kirloskar Oil Engines Ltd. (KOEL) (known as Kirloskar Industries Ltd.(KIL) with effect from 31st March 2010) and Kirloskar Engines India Ltd. (KEIL) (known as Kirloskar Oil Engines Ltd. (KOEL) with effect from 2nd June 2010) as approved by the Hon'ble High Court of Judicature at Bombay vide its Order dated 31st July 2009 read with its order dated 19th March 2010 (the Scheme) :
- (i) 3,695,163 equity shares of Rs. 10/- each of KIL and 55,427,452 equity shares of Rs. 2/- each of KOEL were allotted to the Company,
- (ii) 850,104 equity shares of Rs. 10/- each of KIL and 12,751,567 equity shares of Rs. 2/- each of KOEL were allotted to Pooja Credits Pvt. Ltd. (PCPL).
- Out of the total 55,427,452 equity shares of Rs.2/- each of KOEL allotted to the company, 29,125,950 equity shares are under lock-in for a period of 3 years from the date of listing of shares of KOEL on both the Stock Exchanges i.e. from 24th December 2010.
- 6) The Board of Directors of the Company vide Circular Resolution dated 22 February 2011 approved the Scheme of Amalgamation of Pooja Credits Private Ltd. (PCPL) with the Company in terms of section 391-394 of the Companies Act, 1956. PCPL is a wholly owned subsidiary of the Company. Petition is filed by PCPL with the Hon'ble High Court of Judicature at Bombay for approving the same.
- 7) Pooja Credits Private Ltd. (PCPL) earlier submitted the application to the Reserve Bank of India (RBI) for Registration as a Non Banking Financial Company (NBFC). However, the said application was returned by the RBI in light of the proposed guidelines on Core Investment Companies (CIC). The RBI, on 5 January 2011 notified the guidelines for CICs. Based on the notification, PCPL noted that it did not fulfill the requirements of being classified as a CIC and decided to submit fresh application for Registration as NBFC with the RBI. However, based on the approval of Board of Directors of PCPL to the Scheme of Amalgamation with KBIL, PCPL has informed the RBI that it will not submit fresh application for Registration as NBFC, since it will be amalgamated with its Holding Company.
- 8) Figures for the current year are not comparable with those of the previous year, as the financial statements of the previous year were for the period from 16 April 2009 to 31 March 2010.
- 9) Previous year's figures have been regrouped, wherever necessary.

As per our attached report of even date

For and on behalf of the Board of Directors

For M/s P. G. Bhagwat
Chartered Accountants

ATUL C. KIRLOSKAR
Chairman

A. C. KULKARNI
Executive Director

PANKAJA BHAGWAT
Partner
Membership No. 86155
Firm's registration no. 101118W

VIKAS VOHRA
Assistant Company Secretary

Pune : April 26, 2011



Enriching Lives

KIRLOSKAR BROTHERS INVESTMENTS LIMITED

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

Tel.: +91 (20) 2545 3002 Fax: +91 (20) 2543 4262

E-mail: contact@kbil.co.in | Website: www.kbil.co.in



KIRLOSKAR BROTHERS INVESTMENTS LIMITED

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NOTICE

NOTICE is hereby given that the Second Annual General Meeting of the members of **KIRLOSKAR BROTHERS INVESTMENTS LIMITED** will be held on Friday, the 22nd day of July 2011 at 3.00 p.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 :

1. To receive, consider and adopt the Audited Balance Sheet as at 31 March 2011, Profit and Loss Account for the year ended 31 March 2011 and the Directors' and Auditors' Report thereon.
2. To declare dividend on equity shares for the financial year ended 31 March 2011.
3. To appoint a Director in place of Mr. A. R. Sathe, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. P. G. Bhagwat, Chartered Accountants (Firm Registration Number 101118W) 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.

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:

“RESOLVED THAT pursuant to the provisions of sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof for the time being in force) and Schedule XIII thereto (including any amendment or statutory modification thereto for the time being in force) and subject to such sanctions as may be necessary, in addition to the existing remuneration being paid to Mr. A. C. Kulkarni, Executive Director of the Company, further approval be and is hereby accorded for the payment of commission to Mr. A. C. Kulkarni, Executive Director, as may be decided by the Board of Directors of the Company from time to time, within the limits as laid down under sections 198, 309 and Schedule XIII to the Companies Act, 1956. Such payment of commission would be applicable from the financial year 2010-11 and onwards till the end of his term.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to alter and vary such terms of remuneration including the commission so as not to exceed the limits specified under sections 198, 309 and Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT the agreement entered into between the Company and Mr. A. C. Kulkarni, Executive Director, be suitably amended so as to include the payment of such commission in the remuneration to be paid to Mr. A. C. Kulkarni.”

By order of the Board of Directors
For **Kirloskar Brothers Investments Limited**

Vikas Vohra
Assistant Company Secretary

Pune : 26 April 2011



KIRLOSKAR BROTHERS INVESTMENTS LIMITED

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NOTES :

1. **A MEMBER OF THE COMPANY ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. 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 the meeting. Proxies shall not have any right to speak at the meeting.
3. Pursuant to section 173 of the Companies Act, 1956, an Explanatory Statement in respect of the businesses mentioned under item no. 3 and 5 are annexed.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 15 July 2011 to Friday, 22 July 2011 (both days inclusive).
5. Dividend on shares as recommended by the Board of 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 22 July 2011. In respect of the shares in the electronic form, the dividend will be payable on the basis of beneficial ownership as per the details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.
6. In order to get their dividend through Electronic Clearing Service, 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 and type of account i.e. Savings or Current or Cash Credit etc. to Link Intime India Private Limited, 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/Company. Those shareholders who do not opt for ECS facility may inform these details for printing the same on the dividend warrant to ensure safety.
7. 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.
8. In case members wish to ask for any information about accounts or operations of the Company, they are requested to send their queries, in writing, at least 7 days before the date of the meeting, so that the information can be made available at the time of the meeting.
9. Members may avail of the facility of dematerialisation by opening depository account 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.
10. Members are requested to bring their attendance slip and copy of the Annual Report at the meeting.

By order of the Board of Directors
For **Kirloskar Brothers Investments Limited**

Vikas Vohra
Assistant Company Secretary

Pune : 26 April 2011



KIRLOSKAR BROTHERS INVESTMENTS LIMITED

Enriching Lives

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 5 in the accompanying notice of Annual General Meeting of the Company to be held on Friday, the 22nd day of July 2011, at 3.00 p.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. A. R. Sathe retires by rotation and being eligible, offers himself for re-appointment.

He holds 30 (0.001%) equity shares of Rs. 10/- each in the Company.

Mr. A. R. Sathe is not related to any other Director on the Board of the Company as per the provisions of the Companies Act, 1956.

Item No. 5 of the Notice

The Board of Directors of the Company at its meeting held on 13 February 2010, appointed Mr. A. C. Kulkarni as the Executive Director of the Company for a period of 5 years, subject to the approval of the members. The terms of his remuneration were approved by the Board of Directors of the Company based on the recommendations of the Remuneration Committee, which were effective from 13 February 2010. His appointment including the remuneration payable to him was confirmed by the members of the Company at the first Annual General Meeting held on 27 July 2010.

The Board of Directors of the Company at its meeting held on 26 April 2011, based on the recommendations of the Remuneration Committee, decided to pay commission for the financial year 2010-11 and onwards till the end of his term to Mr. A. C. Kulkarni, Executive Director of the Company, subject to the approval of the shareholders.

Consequently, the agreement entered into between the Company and Mr. A. C. Kulkarni, Executive Director, is proposed to be amended by inserting appropriate clause for payment of commission to him. The other terms and conditions would remain the same. The quantum of commission shall be decided by the Board from time to time, within the limits specified under sections 198, 309 and Schedule XIII to the Companies Act, 1956.

Copy of the existing agreement between the Company and Mr. A. C. Kulkarni, Executive Director, and the text of the proposed amendment is available for inspection at the registered office of the Company on all working days during office hours. Copy can be made available on request.

None of the Directors other than Mr. A. C. Kulkarni himself have any material pecuniary interest in this resolution.

The Board recommends the resolution for the approval of the shareholders.

By order of the Board of Directors
For **Kirloskar Brothers Investments Limited**

Vikas Vohra
Assistant Company Secretary

Pune : 26 April 2011

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ATTENDANCE SLIP

KIRLOSKAR BROTHERS INVESTMENTS LIMITED

Registered Office :

13/A, Karve Road, Kothrud, Pune - 411 038

DP. Id*	
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Client Id*	
------------	--

Reg. Folio No.	
----------------	--

*Applicable, if shares are held in electronic form

No. of Shares

**2nd Annual General Meeting on
22 July 2011 at 3.00 p.m.**

Full name :

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

I hereby record my presence at the 2nd 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 Friday, the 22nd day of July 2011 at 3.00 p.m.

Member's / Proxy's Signature :

Member's / Proxy's full name :

(In Block Letters)

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

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

PROXY FORM

KIRLOSKAR BROTHERS INVESTMENTS LIMITED

Registered Office :

13/A, Karve Road, Kothrud, Pune - 411 038

DP. Id*	
---------	--

Client Id*	
------------	--

Reg. Folio No.	
----------------	--

*Applicable, if shares are held in electronic form

No. of Shares

I/We

of in the district of

being Member/Members of Kirloskar Brothers Investments Limited, 13/A, Karve Road, Kothrud, Pune - 411 038 do hereby appoint

of in the district of

or failing him/her of

in the district of as my/our proxy in my/our absence to attend and vote for me/us,

and on my/our behalf at the 2nd 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 Friday, the 22nd day of July 2011 at 3.00 p.m. and at any adjournment/s thereof.

Signed on this day of 2011.

(Signature of the member across the stamp)

Please affix 15 paise Revenue Stamp

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

TEAR HERE



KIRLOSKAR BROTHERS INVESTMENTS LIMITED

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Dear Shareholder,

Subject : Green Initiative - Registration of E-mail address

This is to inform you that as a part of "Green Initiative in the Corporate Governance", the Ministry of Corporate Affairs (MCA) vide its circular Nos.17/2011 and 18/2011 dated 21.04.2011 and 29.04.2011, respectively; has permitted the companies to serve the documents viz. annual reports, notices of general meetings/ postal ballot, other documents etc. to the members through electronic mode.

In order to support this "Green Initiative", we are pleased to serve you the above referred documents and also any other documents as specified by MCA from time to time 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 & Share Transfer Agent (R & T Agent) at kbinvgogreen@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 dematerialized mode.

In case you require physical copies of annual reports and other documents, you may send an E-mail at kbinvgogreen@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 electronic mode of communication for its successful implementation.

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

Yours faithfully,
For **Kirloskar Brothers Investments Limited**

Sd/-
Vikas Vohra
Assistant Company Secretary

Place: Pune
Date: 2 June 2011

TEAR HERE

TEAR HERE

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 Ministry of Corporate Affairs)
(For shares in physical mode)

Link Intime India Private Limited

(Unit: Kirloskar Brothers Investments Limited)

Akshay Complex, Block No.202,
Near Ganesh Temple,
Off Dhole Patil Road,
Pune - 411 001

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

I/we request you to note my/our latest E-mail 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 the Company's website www.kbil.co.in

TEAR HERE

(For Shares in dematerialized mode)

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

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