


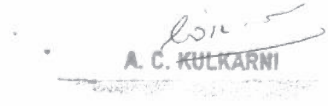
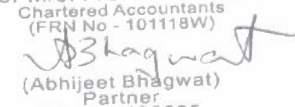



KIRLOSKAR BROTHERS INVESTMENTS LIMITED

Enriching Lives

FORM A

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

1.	Name of the Company	Kirloskar Brothers Investments Limited
2.	Annual financial statements for the year ended	31 March 2013
3.	Type of Audit observation	Unqualified
4.	Frequency of observation	Not Applicable
5.	To be signed by-	
	<ul style="list-style-type: none"> CEO/Managing Director 	<p>For KIRLOSKAR BROTHERS INVESTMENTS LTD.</p>  <p>A. C. KULKARNI EXECUTIVE DIRECTOR</p>
	<ul style="list-style-type: none"> CFO 	<p>For KIRLOSKAR BROTHERS INVESTMENTS LTD.</p>  <p>A. C. KULKARNI</p>
	<ul style="list-style-type: none"> Auditor of the Company 	<p>For M/s. P.G. BHAGWAT Chartered Accountants (FRN No - 101118W)</p>  <p>(Abhijeet Bhagwat) Partner M. No.- 136835</p>
	<ul style="list-style-type: none"> Audit Committee Chairman 	 <p>A. N. Alawani Chairman Audit Committee</p>

Date: 20 May 2013

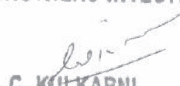
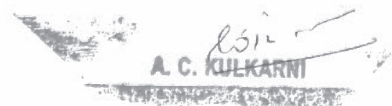
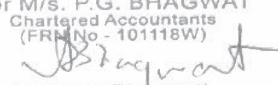



KIRLOSKAR BROTHERS INVESTMENTS LIMITED

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5.	To be signed by-	
	<ul style="list-style-type: none">• CEO/Managing Director	<p>For KIRLOSKAR BROTHERS INVESTMENTS LTD.</p> <p> A. C. KULKARNI EXECUTIVE DIRECTOR</p>
	<ul style="list-style-type: none">• CFO	<p>For KIRLOSKAR BROTHERS INVESTMENTS LTD.</p> <p> A. C. KULKARNI</p>
	<ul style="list-style-type: none">• Auditor of the Company	<p>For M/s. P.G. BHAGWAT Chartered Accountants (FRN No - 101118W)</p> <p> (Abhijeet Bhagwat) Partner M. No.- 136835</p>
	<ul style="list-style-type: none">• Audit Committee Chairman	<p> A. N. Alawani Chairman Audit Committee</p>

Date: 20 May 2013



KIRLOSKAR BROTHERS INVESTMENTS LIMITED

Enriching Lives

NOTICE

NOTICE is hereby given that the Fourth Annual General Meeting of **KIRLOSKAR BROTHERS INVESTMENTS LIMITED** will be held on Tuesday, the 30th day of July 2013 at 11.00 am 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 2013, Profit and Loss Statement for the Financial Year ended 31 March 2013 and the Reports of the Board of Directors' and Auditors' thereon.
2. To declare dividend on equity shares for the Financial Year ended 31 March 2013.
3. To appoint a Director in place of Mr. Atul C. Kirloskar, 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 Mr. Amarshekhar D. Bhonagiri who was appointed by the Board of Directors of the Company as an Additional Director on 22 October 2012 and who holds office as such upto the conclusion of this Annual General Meeting and in respect of whom the Company has, as required by Section 257 of the Companies Act, 1956, received a notice in writing from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

By Order of the Board of Directors
For Kirloskar Brothers Investments Limited

Aniket A. Deshpande
Company Secretary

Place: Pune

Date : 20 May 2013



NOTES :

- i. A MEMBER OF THE COMPANY ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- ii. Proxies, if any, in order to be effective must be received at the Company's Register Office not later than 48 hours before the time fixed for holding the meeting. Proxies shall not have any right to speak at the meeting.
- iii. Pursuant to Section 173 of the Companies Act, 1956, an Explanatory Statement in respect of the businesses mentioned under Item No. 3 and 5 above is annexed.
- iv. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 23 July 2013 to Tuesday, 30 July 2013, both days inclusive.
- v. 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 Tuesday, 30 July 2013. In respect of the shares in the electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.

In order to get their dividend through National Electronic Clearing Service (NECS), members who are holding shares in physical form are requested to inform their bank account details such as the name of the bank, branch, its address, account number, 9 digit MICR Code, IFSC Code and type of account i.e. Savings or Current or Cash Credit etc. to Link Intime India Private Limited, Registrar and Share Transfer Agent of the Company having its office at Akshay Complex, Block No. 202, 2nd Floor, Off Dhole Patil Road, Near Ganesh Temple, Pune – 411 001. Shareholders holding shares in dematerialised form are requested to inform their bank account particulars to their respective Depository Participant and not to the Registrar and Share Transfer Agent / the Company. Those shareholders who do not opt for NECS facility may inform only Bank Account Number and Bank name for printing the same on the dividend warrant to ensure safety.

Members who wish to avail the above facility are requested to submit required information to the Registrar and Share Transfer Agent on or before the closing hours on Friday, 19 July 2013.

- vi. Pursuant to Section 205A and 205C of the Companies Act, 1956, any money transferred to the unpaid dividend account, which remains unpaid or unclaimed for a period of 7 years from the date of such transfer is required to be transferred to the 'Investor Education and Protection Fund' set up by the Central Government. Once the amount is so transferred, no claim shall lie against the Fund or the Company in respect of dividend amount thereafter. Shareholders are requested to send their claims, if any, for the Financial Year 2010-11 onwards, before the amount becomes due for transfer to the above Fund. Shareholders are requested to encash the dividend warrants immediately on their receipt by them.
- vii. Members are requested to immediately notify the Registrar and Transfer Agent (Depository Participant, in case of shares held in dematerialised form) of any change in their address.



KIRLOSKAR BROTHERS INVESTMENTS LIMITED

Enriching Lives

- viii. In case members wish to ask for any information about accounts and operations of the Company, they are requested to send their queries, in writing, at least 7 days in advance of the date of the meeting, so that the information can be made available at the time of meeting.
- ix. Members may avail of the facility of dematerialization by opening depository accounts with the Depository Participant of either National Securities Depository Limited OR Central Depository Services (India) Limited and get the equity share certificates held by them dematerialised.
- x. Members are requested to bring their attendance slip and copy of the Annual Report at the meeting.
- xi. Members are requested to register their e-mail addresses with the Company / Registrar and Share Transfer Agent in case of holding of shares in physical form and with concerned Depository Participants in case of shares held in dematerialised form.

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

Aniket A. Deshpande
Company Secretary

Place: Pune

Date : 20 May 2013



**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 Tuesday, the 30th day of July 2013, at 11.00 am 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. Atul C. Kirloskar retires by rotation and being eligible, offers himself for re-appointment.

He holds 10,39,631 (19.66%) equity shares of ₹ 10/- each in the Company.

A brief profile of Mr. Atul C. Kirloskar is included in the Report on Corporate Governance attached to the Directors' Report.

Mr. Atul C. Kirloskar is not related to any other Director on the Board of the Company as per the provisions of the Companies Act, 1956.

The Board recommends the appointment of Mr. Atul C. Kirloskar.

None of the directors, except Mr. Atul C. Kirloskar is concerned or interested in the said resolution.

Item No. 5 of the Notice

Mr. Amarshekhar D. Bhonagiri was co-opted by the Board of Directors as an Additional Director of the Company with effect from 22 October 2012. Pursuant to Section 260 of the Companies Act, 1956, Mr. Amarshekhar D. Bhonagiri holds office upto the conclusion of this Annual General Meeting. As required by Section 257 of the Companies Act, 1956, the Company has received a notice alongwith deposit from a member signifying his intention to propose him as a candidate for the office of Director of the Company.

Mr. Amarshekhar D. Bhonagiri is holding NIL equity shares of ₹ 10/- each in the Company.

A brief profile of Mr. Amarshekhar D. Bhonagiri is included in the Report on Corporate Governance attached to the Directors Report.

The Board recommends the appointment of Mr. Amarshekhar D. Bhonagiri.

None of the directors, except Mr. Amarshekhar D. Bhonagiri is concerned or interested in the said resolution.

By Order of the Board of Directors

For Kirloskar Brothers Investments Limited

**Aniket A. Deshpande
Company Secretary**

Place: Pune

Date : 20 May 2013

ATTENDANCE SLIP

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

4th Annual General Meeting on
30 July 2013 at 11.00 a.m.

Full name :

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

I hereby record my presence at the 4th 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 Tuesday, the 30th day of July 2013 at 11.00 a.m.

Member's / Proxy's Signature :

Member's / Proxy's full name :
(In Block Letters)

Note: Please fill in this attendance slip and hand over it 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. []

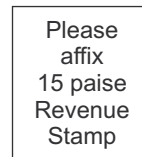
*Applicable, if shares are held in electronic form

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 4th 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 Tuesday, the 30th day of July 2013 at 11.00 a.m. and at any adjournment/s thereof.

Signed on this day of 2013.

(Signature of the member across the 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

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KIRLOSKAR BROTHERS INVESTMENTS LIMITED

Enriching Lives

Dear Shareholder,

Subject: Green Initiative - Registration of E-mail address

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

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

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

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

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

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

Thanking you,

Yours faithfully,

For **Kirloskar Brothers Investments Limited**

Aniket Deshpande
Company Secretary

Pune : 20 May 2013

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,
2nd Floor, 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 dematerialised mode)

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

-----**TEAR HERE**-----



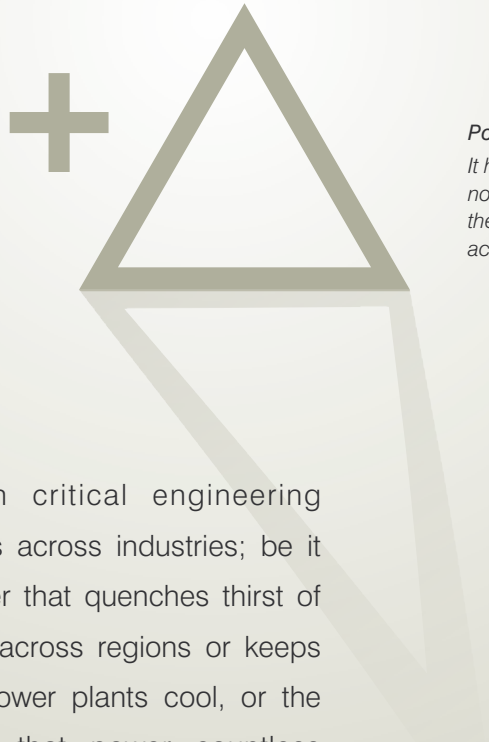
KIRLOSKAR BROTHERS INVESTMENTS LIMITED

Annual Report 2012-13

Enriching Lives

Decades of positive change





Positive Change!

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

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



To see how Kirloskar has brought positive change, watch Television Commercials at www.kirloskarsolutions.in



Annual Report for the financial year ended on 31 March 2013

BOARD OF DIRECTORS

Mr. Atul C. Kirloskar	Chairman
Mr. Anil C. Kulkarni	Executive Director
Mr. Nihal G. Kulkarni	
Mr. Anil N. Alawani	
Mr. Anant R. Sathe	
Mr. Gajanan P. Kulkarni	(resigned w.e.f. 22 May 2012)
Mr. Amarshekhar D. Bhonagiri	(appointed w.e.f. 22 October 2012)

COMPANY SECRETARY

Mr. Aniket A. Deshpande

AUDITORS

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

BANKERS

HDFC Bank Limited

REGISTRAR & SHARE TRANSFER AGENT

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

REGISTERED OFFICE

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

INFORMATION FOR SHAREHOLDERS

Annual General Meeting	
Day & Date	: Tuesday, 30 July 2013
Time	: 11.00 a.m.
Venue	: S. M. Joshi Socialist Foundation (S. M. Joshi Hall) S. No. 191/192, Navi Peth, Near Ganjave Chowk, Pune - 411 030
Proposed Dividend	: 40% (₹ 4/- per share)
Date of Book Closure	: 23 July 2013 to 30 July 2013 (Both days inclusive)

CONTENTS

	PAGE NO.
Directors' Report	3
Form A	8
Report on Corporate Governance	9
Auditors' Report	20
Balance Sheet	24
Profit & Loss Statement	25
Cash Flow Statement	26
Notes to Accounts	27
Statement Relating to Subsidiary Companies	42
Consolidated Financial Statements	47

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Directors' Report

To the Members,

Your Directors have pleasure in presenting the Fourth Annual Report with the Audited Annual Accounts of the Company for the year ending 31 March 2013.

FINANCIAL RESULTS

Particulars	(₹ In lakhs)	
	Year ended 31 March 2013	Year ended 31 March 2012
Total Income	4,159.97	15,620.48
Total Expenditure	153.57	171.23
Profit before taxation	4,006.40	15,449.25
Provision for tax (including Deferred Tax)	37.17	2,356.89
Net Profit	3,969.23	13,092.36
Balance of Profit/(Loss) from previous year	15,132.64	4,156.57
Balance of Profit of Pooja Credits Pvt. Ltd. as per Scheme of Amalgamation	—	2022.97
Balance available for appropriation	19,101.87	19,271.90
Appropriations		
Transfer to Reserve Fund in terms of Section 45-IC of the Reserve Bank of India Act, 1934	793.85	2,618.47
Transfer to General Reserves	396.92	1,309.24
Proposed Dividend	211.55	211.55
Tax on Proposed Dividend	—	—
Balance carried to Balance Sheet	17,699.55	15,132.64

DIVIDEND

Your Directors recommend 40% dividend i.e. ₹ 4/- per equity share (previous year 40% i.e. ₹ 4/- per equity share) for the financial year ended 31 March 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

The main object of the Company is to make investments (strategic investments) in the Kirloskar Group Companies. The Company is already categorized as a Core Investment Company – Non Banking Financial Company (CIC-NBFC) as per guidelines issued by The Reserve Bank of India and the investment pattern of the Company also complies with the requirement for the Company continuing to qualify as a CIC-NBFC. The Board has constituted 'Investment Committee'. During the year under review, the Company has Invested ₹ 22.37 Crores in the equity shares of its subsidiary companies i.e. Kirloskar Oil Engines Limited (KOEL) and Kirloskar Pneumatic Company Limited (KPC).

As KPC and KOEL are the subsidiaries of the Company, the dividends declared by the Company, to the extent of dividends received from KOEL and KPC are exempt from payment of Dividend Distribution Tax.

COMPANY PERFORMANCE

During the financial year under review, your Company earned total income of ₹ 41.60 Crores (previous year ₹ 156.20 Crores). The net profit after tax is ₹ 39.69 Crores (previous year ₹ 130.92 Crores).

OPERATIONS OF THE COMPANY

The main operations of the Company are that of an investment Company, and majority of the investments of the Company are in the nature of strategic investments in Kirloskar Group Companies. The investment pattern of the Company also complies with the requirement for the Company continuing to qualify as a Core Investment Company – Non Banking Financial Company (CIC-NBFC). The source of income for the Company is in the form of dividends as declared by these companies.

HUMAN RESOURCES

As on 31 March 2013, the Company has 5 employees on its roll, including the Executive Director.

CONCERNS AND THREATS

- Fluctuations in the securities market and global economic scenario, may pose a risk of devaluation of the investments made by the Company.
- Main source of income for the Company is dividend from its Subsidiary Companies.
- The risks and concerns associated with the businesses/operations of these investee companies, which may impact the performance of these companies, could result in variation in dividends declared by these companies.

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 BSE 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 2013, the Company has three subsidiaries viz. Nashik Silk Industries Limited, Kirloskar Oil Engines Limited and Kirloskar Pneumatic Company Limited.

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

The Central Government has exempted all the companies from attaching the Annual Accounts of Subsidiary Companies subject to certain conditions vide its Circular dated 8 February 2011 issued under Section 212 of the Companies Act, 1956. Accordingly, the Board of Directors of the Company at its meeting held on 20 May 2013 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. The Annual Accounts of the Subsidiary Companies shall also be kept open for inspection by any shareholder at the registered office of the Company.

**A. Nashik Silk Industries Limited (NSIL)**

NSIL was incorporated with the main object of manufacturing, development and sale of raw silk. The said project was implemented but was subsequently 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 the Company has deferred the decision of disposal of land and existing business.

B. Kirloskar Oil Engines Limited (KOEL)

KOEL is in the business of manufacturing of Diesel Engines and is having manufacturing facilities at Pune, Nashik, Kagal and Rajkot.

The Board of Directors of KOEL has recommended a dividend of ₹ 5/- (250%) per equity share for the year ended March 31, 2013 as against ₹ 4/- (200%) per equity share paid last year.

The Board of Directors of KOEL in their meeting held on 25 January 2012, had approved a buyback of its fully paid equity shares by open market purchases through the Stock Exchange route at a maximum price of ₹ 170/- per equity share, with the aggregate buyback amount not exceeding ₹ 73.625 Crores. This represents 10% of the total paid up capital and free reserves as per the latest audited balance sheet on 31 March 2011.

KOEL has closed the buyback on 24 January 2013, after buying back its 10,15,424 equity shares for a total consideration of ₹ 15.67 Crores (exclusive of transaction and other related costs), at an average price of ₹ 154.34 per equity share.

In an increasingly challenging environment and continuing material cost inflation, while net revenue from operations increased marginally from ₹ 2,276 Crores to ₹ 2,319 Crores, the profit from operations (excluding exceptional items) rose from ₹ 233 Crores to ₹ 290 Crores, registering a good increase of 24%.

The Engineering Export Promotion Council (EEPC) conferred the "Star Performer Award" to KOEL for the fourth consecutive time. Kagal Plant's Digvijay Quality Circle won the Three Star award while the Nashik plant's Lakshya and Utkarsh Quality Circles won the Two Star awards, conferred at an international level competition organized by the Malaysian Productivity Corporation, in Kula Lumpur. The Pune plant's Vijayshree Quality circle Team bagged the 2nd runner up prize at the INDIZEN-2013. INDIZEN-2013 was the 4th National convention on operational excellence, which was organized by the Indian Business unit of the Kaizen institute, who are the global leader in operational excellence.

The Company's third **Corporate Sustainability Report** (2011-12) was released in April 2013. The report, for the 3rd consecutive year received A+ ranking, which is the highest level check certification from GRI Netherland, under GRI 3.1 (new guidelines).

C. Kirloskar Pneumatic Company Limited (KPC)

KPC is in the business of manufacturing of Air Compressors, Compressors for Refrigeration and Air Conditioning, Gas Compressor packages, Hydraulic power transmission products.

KPC achieved net revenue from operations of ₹ 548.80 Crores during the year as against ₹ 666.61 Crores in last year.

The Board of Directors of the Company has recommended a dividend of ₹ 12/- (120%) per equity share for the year ended March 31, 2013. In the last year a similar dividend of ₹ 12/- (120%) per equity share was paid.

KPC has a subsidiary company i.e. Kirloskar RoadRailer Limited (KRL). KRL is awaiting the approval for transfer/assignment of RoadRailer Haulage Agreements in its name from its parent Company.

KPC received DSK Energy Award for outstanding contribution in Energy Sector.

The consolidated financial statements prepared as per applicable provisions and duly audited by the Statutory Auditors, are presented elsewhere in this Annual Report.

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	₹ 5.34 Lakhs

PARTICULARS OF EMPLOYEES

The Company has no particulars to report as required under the provisions of Sub-Section (2A) of Section 217 of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 and notification dated 31 March 2011 issued by the Central Government.

DIRECTORS

Mr. Amarshekhar D. Bhonagiri was appointed as an Additional Director with effect from 22 October 2012 and is a non-executive Independent Director. His appointment is up to the ensuing Annual General Meeting. A shareholder has proposed his appointment as Director.

Mr. Atul C. Kirloskar retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

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

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Board of Directors 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 2013 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 2013 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. KIRLOS KAR
CHAIRMAN

Pune : 20 May 2013



KIRLOSKAR BROTHERS INVESTMENTS LIMITED

Enriching Lives

FORM A

Pursuant to clause 31 of the Listing Agreement

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

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

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

For **M/s P. G. Bhagwat**
Chartered Accountants
Firm's Registration No. 101118W

Sd/-
ABHIJEET BHAGWAT
Partner
Membership No. 136835

For Kirloskar Brothers Investments Limited

Sd/-
ANIL C. KULKARNI
Executive Director

For Kirloskar Brothers Investments Limited

Sd/-
ANIL N. ALAWANI
Chairman – Audit Committee

For Kirloskar Brothers Investments Limited

Sd/-
ANIL C. KULKARNI
Finance



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 2013, 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 complied with the requirements of Clause 49 of the Listing Agreement.

b. Number of Board Meetings

During the financial year under review, four Board Meetings were held on 24 May 2012, 20 July 2012, 22 October 2012 and 25 January 2013.

c. Director's attendance record and directorships held

The information on composition and category of the Board of Directors as on 31 March 2013, attendance of each Director at Board Meetings held during the financial year 2012-13 and the Annual General Meeting (AGM) held on 20 July 2012, 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	No. of Directorships in other public companies	No. of Committee positions held in other public companies**		Attendance at the meetings	
				Chairman	Member	Board	AGM
	Executive Director						
1.	Mr. Anil C. Kulkarni	NA	3	Nil	1	4	Present
	Non-Executive Directors						
2.	Mr. Atul C. Kirloskar*	10,39,631	8	1	1	3	Present
3.	Mr. Nihal G. Kulkarni*	Nil	3	Nil	3	3	Present
	Independent and Non-Executive Directors						
4.	Mr. Anil N. Alawani	500	6	3	3	4	Present
5.	Mr. Anant R. Sathe	30	4	Nil	4	4	Present
6.	Mr. Amarshekhar D. Bhonagiri #	Nil	Nil	Nil	Nil	2	NA
7.	Mr. Gajanan P. Kulkarni ##	Nil	-	-	-	NA	NA

Notes:

* Deemed as Promoters within the meaning of Securities Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011.

** For this purpose only Audit and Investors' Grievance Committee positions of the public limited companies are considered.

Appointed as an Additional Director with effect from 22 October 2012.

Resigned with effect from 22 May 2013.

(1) As on 31 March 2013, 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 any by the Company, or substantial non-payment to the Company by any;
- Any issue, which involves possible liability claims of substantial nature;
- Details of any joint venture or collaboration agreement;
- 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. Audit Committee

a. Composition

The Audit Committee comprises of three Non-Executive Directors, majority of who are Independent. The 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, four meetings of the Committee were held on 24 May 2012, 20 July 2012, 22 October 2012 and 25 January 2013. The composition of the Committee and attendance at its meetings is given below:

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

b. Terms of Reference

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 statement of uses/application of funds raised through an issue (public issue, rights issue, preference issue etc.), the statement of funds utilized for the purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency, monitoring the utilization of proceeds of public or rights issues and making appropriate recommendations to the Board to take up steps in this matter.
4. 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. Change, 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. Compliances with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft Audit Report.
 - h. Review Auditors' Report, internal controls and recommendations relating thereto.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
 6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control system.
 7. 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.
 8. Discussion with internal auditors about any significant findings and follow up there on.
 9. 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.
 10. 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.
 11. 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.
 12. Review of the following:
 - 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 the Management;
 - c. Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
 - d. Internal audit reports relating to internal control weaknesses;
 - 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.
 13. Carrying out any other function as is mentioned in the terms of reference of Audit Committee as amended from time to time by the Listing Agreement and Companies Act, 1956.

c. Powers of the 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.

4. Remuneration Committee

a. Composition

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 two Independent Directors, namely:

Mr. Anant R. Sathe, Chairman

Mr. Anil N. Alawani, Member

During the financial year under review, no meeting of the Remuneration Committee was held.

b. Remuneration to Directors

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) to its Executive Director. The Board also decides the commission payable to the Executive Director on determination of the profits for the financial year, within the ceilings prescribed under Sections 198 and 309 of the Companies Act, 1956. 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, not exceeding 1% of the net profits of the Company as computed in the manner laid down in Section 349 and 350 of the Companies Act, 1956.

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

c. Details of remuneration paid to Directors during the financial year 2012-13:

Amount in ₹

Sr. No.	Name of the Director	Basic Salary	Perquisites	Contribution to Statutory Funds	Sitting Fees	Commission	Total
	Executive Director						
1.	Mr. Anil C. Kulkarni	24,34,200	52,176	6,57,686	NA	20,00,000	51,44,062
	Non-Executive Directors						
2.	Mr. Atul C. Kirloskar	-	-	-	15,000	30,000	45,000
3.	Mr. Nihal Kulkarni	-	-	-	35,000	70,000	1,05,000
4.	Mr. Anil N. Alawani	-	-	-	45,000	90,000	1,35,000
5.	Mr. Anant R. Sathe	-	-	-	45,000	90,000	1,35,000
6.	Mr. Amarshekhar D. Bhonagiri	-	-	-	10,000	20,000	30,000

Notes:

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

5. Investment Committee

The Investment Committee was constituted by the Board of Directors of the company at its meeting held on 18 October 2011. The committee comprises of three Directors, namely:

Mr. Anil N. Alawani, Chairman

Mr. Nihal G. Kulkarni, Member

Mr. Anil C. Kulkarni, Member

During the financial year, one meeting of the Investment Committee was held on 7 March 2013.

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, non-receipt of declared dividends, etc. and redressal thereof. The Committee is headed by Mr. Anant R. Sathe, an Independent Director, with Mr. Anil C. Kulkarni, Executive Director and Mr. Anil N. Alawani (appointed as a member with effect from 22 October 2012) being the other Members of the Committee.

During the financial year under review, one Investors' Grievance Committee Meeting was held on 22 October 2012. All the above Directors were present during the Meeting, except Mr. Anil N. Alawani.



Mr. Aniket A. Deshpande, 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

E-mail: aniket.deshpande@kirloskar.com; contact@kbil.co.in

With reference to clause 47(f) of the Listing Agreement, the 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 2013 were 5 and there were no complaints outstanding as on 31 March 2013.

7. General Body Meeting

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

Financial Year	Date	Type of Meeting	Venue	Time
2011-12	20 July 2012	Annual General Meeting	S. M. Joshi Socialist Foundation (S. M. Joshi Hall) S. No. 191/192, Navi Peth, near Ganjve Chowk, Pune – 411 030	11.00 a.m.
2010-11	22 July 2011	Annual General Meeting	S. M. Joshi Socialist Foundation (S. M. Joshi Hall) S. No. 191/192, Navi Peth, near Ganjve Chowk, Pune – 411 030	3.00 p.m.
2009-10	27 July 2010	Annual General Meeting	Kirloskar Brothers limited, 'Yamuna', S. No. 98 (3-7), Baner, Pune – 411 045	1.30 p.m.

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

1. 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.
2. Authorising the Board of Directors of the Company to decide and pay the remuneration by way of commission to the Executive Director 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 interest of the Company at large. Transactions with the related parties are disclosed in Note No. C-1 of the Accounts in the Annual Report.
- ii. There have been no instances of non-compliances by the Company on any matters related to capital markets, during the last three years. Neither penalties have been imposed nor any strictures imposed on the Company by the Stock Exchanges, Securities and 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 behavior, 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. 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 had sent second reminder on 28 March 2012 to such shareholders whose share certificates were undelivered and hence remained unclaimed.

The Company will be sending third reminder letter in due course.

The details of shares claimed by the shareholders based on the second reminder during the year are as follows:

Sr. No.	Particulars	No. of shares
i	Total number of unclaimed shares as on 1 April 2012	92,003
ii	Number of shares claimed by the respective shareholders during the year	3,549
iii	Balance number of shares remaining unclaimed as on 31 March 2013	88,454

- v. 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

a. Remuneration Committee

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

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

c. Audit qualifications

There are no qualifications on the Financial Statements of the Company for the year ended 31 March 2013.

d. Whistle Blower Policy

The Company has a Whistle Blower Policy. It inter alia, provides a mechanism for the employees of the Company and other persons dealing with the Company to report to the Chairman of the Audit Committee; any instance of unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. It also provides for adequate safeguard 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. Atul C. Kirloskar

Mr. Atul C. Kirloskar (Age 57 years) began his career with the erstwhile Kirloskar Cummins Limited in the year 1978, where he started out as a trainee. In December 1981, he was appointed as the Chief Executive of Cummins Diesel Sales & Services. On 1 November 1984, he was appointed as the Executive Vice President of Kirloskar Oil Engines Limited (KOEL). He was co-opted on the Board of KOEL on 6 August 1985 wherein he took over as the Managing Director. In 1988, he was appointed Vice Chairman of KOEL and held the position till 25 July 1998 when he was elected Chairman of the Board of KOEL. He is a member of the World Economic Forum. He has served as President of MCCA from September 2002 to September 2004, and is Chairman of CII National Committee of Defence since 2000.

**Other Directorships**

Kirloskar Industries Limited	Kirloskar Ferrous Industries Limited
Kirloskar Oil Engines Limited	G. G. Dandekar Machine Works Limited
Kirloskar Pneumatic Company Limited	Kirloskar Proprietary Limited
Five Star Bulkcarriers Limited	GreenTek Systems (India) Limited
Navsai Investments Private Limited	Toyota Kirloskar Motor Private Limited
Asara Sales and Investments Private Limited	Kirloskar Kenya Limited, Nairobi (Kenya)
Kairi Investments LLC, USA	

Other Committee positions

Name of the Company	Committee	Chairman / Member
Kirloskar Ferrous Industries Limited	Share Transfer cum Shareholders / Investors Grievance Committee	Chairman
GreenTek Systems (India) Limited	Audit Committee	Member

He holds 10,39,631 equity shares of ₹ 10/- each in the Company. He is not related to any other Director on the Board of the Company as per provisions of Section 6 of the Companies Act, 1956.

Mr. Amarshekhari D. Bhonagiri

Mr. Amarshekhari D. Bhonagiri (Age 50 years) is a graduate in Economics and Law and holds a Post - Graduate Diploma in Management. He is presently practicing as a Human Resource and Industrial Relations Consultant and also a faculty for Law and Human Resource.

Mr. Bhonagiri started his legal practice in July 1988 as counsel for various trade unions in Pune and Mumbai and was closely associated with trade unions for 9 years as their legal advisor and advocate. He was legal counsel for the trade unions at Telco, Pune University, CITU, Pune Industrial Employees Union, KSB Pumps, among others.

Mr. Bhonagiri was appearing in court for and advising corporates on labour laws, wage negotiations, disciplinary proceedings and industrial relations related issues since 1997. Since 2008, He has moved away from active Court practice and engaged himself in teaching and legal consultancy.

Mr. Bhonagiri is holding NIL equity shares of the Company. He is not related to any of the Directors on the Board of the Company as per provisions of Section 6 of the Companies Act, 1956.

10. Means of Communication

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

11. General shareholder Information

Annual General Meeting

Date and Time	30 July 2013 at 11.00 a.m.		
Venue	S. M. Joshi Socialist Foundation (S. M. Joshi Hall) S. No. 191/192, Navi Peth, near Ganjave Chowk, Pune 411 030		
Financial Year	1 April 2012 to 31 March 2013 During the year the financial results were announced as under: First quarter : 20 July 2012 Second quarter : 22 October 2012 Third quarter : 25 January 2013 Annual : 20 May 2013		
Date of Book Closure	23 July 2013 to 30 July 2013 (Both days inclusive)		
Dividend payment date	On or before 16 August 2013		
Listing on Stock Exchanges (Stock Code)	Sr. No.	Name of the Stock Exchange	Stock Code
	1.	BSE Limited (BSE), Mumbai	533297
	2.	National Stock Exchange of India Limited (NSE), Mumbai	KBIL

Shareholder References

- **Permanent Account Number (PAN)**

Shareholders holding shares in the physical form are informed that as per SEBI's guidelines, it is mandatory to furnish copy of PAN Card in the following cases:

- a) Transferees' PAN Cards for transfer of shares,
- b) Surviving joint holders' PAN Cards for deletion of name of deceased shareholder,
- c) Legal heirs' PAN Cards for transmission of shares,
- d) Joint holders' PAN Cards for transposition of shares.

- **Email Address**

In order to enable us to further extend our support towards paperless compliance as a part of Green Initiative in the Corporate Governance, which was introduced by the Ministry of Corporate Affairs (MCA) in the year 2011, the shareholders who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses.

In respect of shares held in physical form, shareholders are requested to register their e-mail addresses with the Company/ R & T Agent (with Depository Participants in case of shares held in dematerialized form).

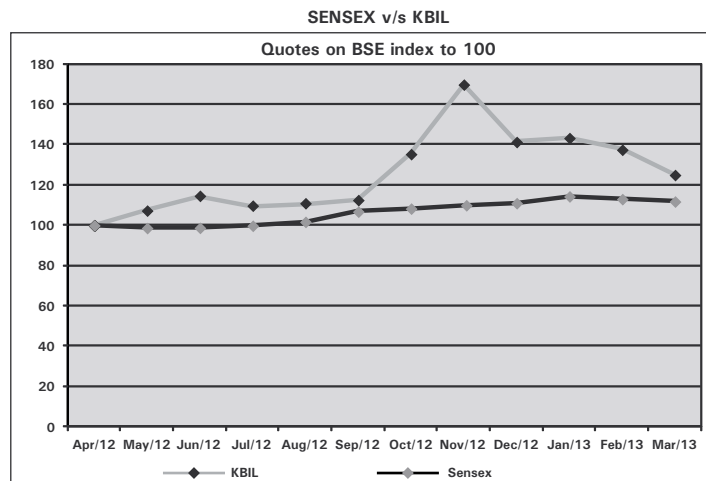
- **Dematerialization of shares**

Shareholders are requested to dematerialize their physical share holdings through any of the nearest Depository Participants (DPs) in order to avoid hassles involved with physical shares such as possibility of loss/mutilation of share certificate(s), and to ensure safe and speedy transaction in securities.


Market Price Data

Details of Monthly high / low during the year 2012-2013 on the BSE and NSE

Stock Exchange	BSE Limited		National Stock Exchange of India Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2012	764.00	700.00	843.70	700.00
May 2012	820.00	719.00	830.00	715.50
June 2012	872.00	717.50	841.50	745.00
July 2012	834.75	800.00	850.00	800.00
August 2012	844.00	800.00	844.00	800.00
September 2012	860.00	800.00	852.00	799.95
October 2012	1,034.00	800.10	1,049.95	806.25
November 2012	1,297.35	962.00	1,290.00	960.05
December 2012	1,080.10	1,029.00	1,100.00	1,045.00
January 2013	1,095.00	1,035.00	1,085.00	1,035.00
February 2013	1,050.55	800.00	1,050.05	730.00
March 2013	955.00	726.00	930.00	732.00

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

Distribution of shareholding as on 31 March 2013

Nominal value of shares (₹)		Shareholders		Share Amount	
From	To	Number	% to total	In ₹	% to total
1	5000	13,547	97.79	5,340,990	10.10
5001	10000	152	1.10	1,031,910	1.95
10001	20000	78	0.56	1,096,230	2.07
20001	30000	23	0.17	578,290	1.09
30001	40000	5	0.04	182,620	0.35
40001	50000	9	0.06	415,980	0.79
50001	100000	18	0.13	1,142,310	2.16
100001	Above	21	0.15	43,098,850	81.49
TOTAL		13,853	100.00	52,887,180	100.00

Shareholding Pattern as on 31 March 2013

Sr. No.	Category	No. of shares	% of shareholding
1.	Promoters' Holding		
	Indian Promoters	3,718,935	70.32
	Bodies Corporate	5,016	0.09
2.	Non Promoters' Holding		
	Mutual funds	6,572	0.12
	Financial Institutions / Banks	153,989	2.91
	Insurance Companies	93,828	1.77
	Foreign Institutional Investors	141,871	2.68
	Private Corporate Bodies	184,416	3.49
	Indian Public	972,867	18.40
	Non Resident Indians	9,260	0.18
	Clearing Members	1,964	0.04
	TOTAL	52,88,718	100.00

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)

Akshay Complex, Block No. 202, 2nd Floor,

Near Ganesh Temple, Off Dhole Patil Road, Pune 411 001

Tel.: +91 (20) 2616 0084 Fax: +91 (20) 2616 3503

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 15 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 15 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.

Register Your National Electronic Clearing Services (NECS) Mandate

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

Dematerialisation of shares and liquidity

As on 31 March 2013, 4,904,639 equity shares being 92.74% of the total equity share capital of the Company were held in dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The International 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**

Anil C. Kulkarni
Executive Director

Pune : 20 May 2013

REPORT OF THE AUDITORS ON CORPORATE GOVERNANCE TO THE MEMBERS

To the members of KIRLOSKAR BROTHERS INVESTMENTS LIMITED

We have examined the compliance of conditions of Corporate Governance by Kirloskar Brothers Investments Limited for the year ended on 31st March 2013, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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
Firm's Registration No: 101118W

ABHIJEET BHAGWAT
Partner
Membership No. 136835

Pune : 20 May 2013



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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31st, 2013;
- (b) in the case of the Profit and Loss Statement, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

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

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

Firm's Registration No: 101118W

**ABHIJEET BHAGWAT
Partner**

Membership No. 136835

Pune : 20 May 2013

ANNEXURE RE: KIRLOSKAR BROTHERS INVESTMENTS LIMITED

Referred to in paragraph 1 under the heading, "Report on Other Legal and Regulatory Requirements" of our report on even date:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) 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) The Company has not disposed off substantial part of its fixed assets during the current year.
- (ii) The Company is a Core Investment Company (CIC) and accordingly, the provisions of Clause 4 (ii) of the Order 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) of the Order 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) of the Order 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 or 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) of the Order are not applicable to the Company.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public, hence the provisions of Sections 58A, 58AA or any other relevant provisions of the Act and the rules framed thereunder and the directives issued by the Reserve Bank of India are not applicable to the Company.
- (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 Order 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, wealth tax, service tax, 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, 2013 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, wealth tax, service tax and cess which have not been deposited on account of any dispute other than those mentioned in the Appendix to this report.
- (x) The Company has no accumulated losses as at 31st March, 2013. The Company has not incurred cash losses during the current 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 or bank. The company does not have debenture holders. Accordingly, the provisions of Clause 4 (xi) of the Order 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 Order 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 Order 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, the Company does not have any funds raised on short term basis.
- (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 during the current year. Accordingly, the provisions of Clause 4 (xix) of the Order 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 Order are not applicable to the Company.
- (xxi) Based upon the audit procedures performed by us and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

Firm's Registration No: 101118W

**ABHIJEET BHAGWAT
Partner**

Membership No. 136835

Pune : 20 May 2013

Appendix [referred to in clause (ix) (b) of the annexure to the Auditor's Report]

Sr. No.	Name of Statute	Amount (₹)	Forum where dispute is pending
1.	Income Tax Act, 1961	1,328,877/-	Centralized Processing Centre (CPC) , Bangalore For IT A.Y. 2006-2007 (in respect of Pooja Credits Private Limited, amalgamated with Kirloskar Brothers Investments Limited w.e.f. 05.12.2011)
2.	Income Tax Act, 1961	7,639,830/-	Centralized Processing Centre (CPC) , Bangalore For IT A.Y. 2009-2010 (in respect of Pooja Credits Private Limited, amalgamated with Kirloskar Brothers Investments Limited w.e.f. 05.12.2011)
3.	Income Tax Act, 1961	544,740/-	The Commissioner of Income Tax (Appeals) - I, Pune

BALANCE SHEET AS AT MARCH 31, 2013

Particulars	Note No.	[in ₹]	
		Figures as at the end of current reporting year ended on March 31, 2013	Figures as at the end of previous reporting year ended on March 31, 2012
I EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	A - 1	52,887,180	52,887,180
(b) Reserves and surplus	A - 2	2,939,915,830	2,564,147,843
(c) Money received against share warrants		-	-
		<u>2,992,803,010</u>	<u>2,617,035,023</u>
2 Share application money pending allotment		-	-
3 Non-current liabilities			
(a) Long-term borrowings		-	-
(b) Deferred tax liabilities (Net)		-	-
(c) Other long term liabilities		-	-
(d) Long term provisions		-	-
		<u>-</u>	<u>-</u>
4 Current liabilities			
(a) Short-term borrowings		-	-
(b) Trade payables		268,694	247,814
(c) Other current liabilities	A - 3	4,294,342	3,723,065
(d) Short-term provisions	A - 4	21,422,263	22,481,071
		<u>25,985,299</u>	<u>26,451,950</u>
	TOTAL	<u><u>3,018,788,309</u></u>	<u><u>2,643,486,973</u></u>
II ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	A - 5	736,320	762,093
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
(b) Non-current investments	A - 6	2,754,959,158	2,531,321,434
(c) Deferred tax assets (Net)		-	-
(d) Long term loans and advances	A - 7	782,675	635,585
(e) Other non-current assets		-	-
		<u>2,756,478,153</u>	<u>2,532,719,112</u>
2 Current assets			
(a) Current investments		-	-
(b) Inventories		-	-
(c) Trade receivables		-	-
(d) Cash and bank balances	A - 8	249,825,115	110,576,914
(e) Short-term loans and advances	A - 9	45,645	24,770
(f) Other current assets	A - 10	12,439,396	166,177
		<u>262,310,156</u>	<u>110,767,861</u>
	TOTAL	<u><u>3,018,788,309</u></u>	<u><u>2,643,486,973</u></u>

The Notes referred in Part A - Notes to Accounts, Part B - Significant Accounting Policies and Part C - Other Notes 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
Firm's Registration No: 101118W

ATUL C. KIRLOSKAR
Chairman

ANIL C. KULKARNI
Executive Director

ABHIJEET BHAGWAT
Partner
Membership No. 136835
Pune : 20 May 2013

ANIKET A. DESHPANDE
Company Secretary



PROFIT & LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

Particulars	Note No.	[in ₹]	
		Figures for current reporting year ended on March 31, 2013	Figures for previous reporting year ended on March 31, 2012
I Revenue from operations	A - 11	415,728,041	1,559,903,254
II Other income	A - 12	268,837	2,144,906
III Total revenue (I + II)		415,996,878	1,562,048,160
IV Expenses:			
Cost of materials consumed		–	–
Purchase of stock-in-trade		–	–
Changes in inventories of finished goods, work-in-progress and stock-in-trade		–	–
Employee benefits expense	A - 13	6,335,144	6,369,964
Financial costs		–	–
Depreciation and amortization expense	A - 5	219,573	265,114
Other expenses	A - 14	8,802,063	10,487,895
Total expenses		15,356,780	17,122,973
V Profit before exceptional and extraordinary items and tax (III – IV)		400,640,098	1,544,925,187
VI Exceptional Items		–	–
VII Profit before extraordinary items and tax (V – VI)		400,640,098	1,544,925,187
VIII Extraordinary Items		–	–
IX Profit before tax (VII – VIII)		400,640,098	1,544,925,187
X Tax expenses / (Income) :			
(1) Current tax		7,182,750	235,415,000
Less: MAT Credit Entitlement	C - 7	(3,485,000)	–
Net Current Tax		3,697,750	235,415,000
(2) Deferred tax		–	274,155
(3) Short provision of income tax on account of earlier years		19,489	–
		3,717,239	235,689,155
XI Profit / (Loss) for the period from continuing operations (IX – X)		396,922,859	1,309,236,032
XII Profit / (Loss) from discontinuing operations		–	–
XIII Tax expense of discontinuing operations		–	–
XIV Profit / (Loss) from discontinuing operations (XII – XIII)		–	–
XV Profit / (Loss) for the period (XI + XIV)		396,922,859	1,309,236,032
XVI Earning per equity share having nominal value of ₹ 10/- per share:			
(1) Basic	C - 2	75.05	247.55
(2) Diluted	C - 2	75.05	247.55

The Notes referred in Part A - Notes to Accounts, Part B - Significant Accounting Policies and Part C - Other Notes form an integral part of the Profit and Loss Statement

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
Firm's Registration No: 101118W

ATUL C. KIRLOSKAR
Chairman

ANIL C. KULKARNI
Executive Director

ABHIJEET BHAGWAT
Partner
Membership No. 136835
Pune : 20 May 2013

ANIKET A. DESHPANDE
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

Particulars	[in ₹]	
	Figures for current reporting year ended on March 31, 2013	Figures for previous reporting year ended on March 31, 2012
A Cash Flow from Operating Activities		
Net Profit before taxation and extra ordinary items	400,640,098	1,544,925,187
Adjustments for		
Investments written off	-	500,000
Provisions written back	-	(2,144,906)
Depreciation and amortization expense	219,573	265,114
(Profit) / Loss on sale of non current Investments	-	(1,144,574,468)
Operating profits before working capital changes	400,859,671	398,970,927
Increase / (decrease) in short term provisions	145,410	(127,780)
Increase / (decrease) in other current liabilities	(96,362)	460,561
Increase / (decrease) in trade payables	20,879	10,208
(Increase) / decrease in long term loans and advances	(147,090)	(65,400)
(Increase) / decrease in short term loans and advances	(20,875)	6,507,256
(Increase) / decrease in other current assets	(12,273,219)	948,676
Net Cash Flow from Operating Activities	388,488,414	406,704,448
Income Tax (Paid) / Refunded	(4,921,457)	(233,968,992)
Net Cash from Operating Activities (A)	383,566,957	172,735,456
B Cash Flow from Investing Activities		
(Purchase) / sale of Investments (Net)	(223,637,723)	(701,572,877)
(Purchase) / sale of Fixed Assets	(193,800)	(90,489)
Net Cash from Investment Activities (B)	(223,831,523)	(701,663,366)
C Cash Flow from Financing Activities		
Dividend paid	(20,480,845)	(12,799,628)
Sale of fractional Shares	-	2,964,001
Fractional entitlements paid	(6,388)	(2,087,813)
Net Cash Flow from Financing Activities (C)	(20,487,233)	(11,923,440)
Net Increase in Cash & Cash Equivalents (A) + (B) + (C)	139,248,201	(540,851,350)
Cash and cash equivalents at the beginning of the year	110,576,914	545,659,652
Addition on account of Scheme of Amalgamation	-	105,768,612
Cash and cash equivalents at the end of the year (Refer note A - 8)	249,825,115	110,576,914

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
Firm's Registration No: 101118W

ATUL C. KIRLOSKAR
Chairman

ANIL C. KULKARNI
Executive Director

ABHIJEET BHAGWAT
Partner
Membership No. 136835
Pune : 20 May 2013

ANIKET A. DESHPANDE
Company Secretary


PART A : NOTES TO ACCOUNTS

[in ₹]

NOTE A - 1 : SHARE CAPITAL
Authorised

 14,000,000 (14,000,000) Equity Shares of
₹ 10/- each (₹ 10/- each)

	Figures as at the end of current reporting year ended on March 31, 2013	Figures as at the end of previous reporting year ended on March 31, 2012
TOTAL	140,000,000	140,000,000
	<u>140,000,000</u>	<u>140,000,000</u>

Issued, Subscribed and Paid-up

 5,288,718 (5,288,718) Equity Shares of
₹ 10/- each (₹ 10/- each)

TOTAL	52,887,180	52,887,180
	<u>52,887,180</u>	<u>52,887,180</u>

a. Reconciliation of Share Capital

Particulars	Figures as at the end of the current reporting year ended on March 31, 2013		Figures as at the end of the previous reporting year ended on March 31, 2012	
	No. of Shares	₹	No. of Shares	₹
Shares outstanding at the beginning of the year	5,288,718	52,887,180	5,288,718	52,887,180
Add / (Less) : Shares issued	-	-	-	-
Shares outstanding at the end of the year	5,288,718	52,887,180	5,288,718	52,887,180

- b.** The Company has only one class of equity shares, having par value of ₹ 10/- per share. Each holder of equity share is entitled for one vote per share and has a right to receive dividend as recommended by the Board of Directors subject to the necessary approval from the shareholders. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the equity shareholders.
- c.** For the year ended March 31, 2013, the Board of Directors have proposed dividend of ₹ 4/- per share (March 31, 2012 ₹ 4/- per share).

PART A : NOTES TO ACCOUNTS (CONTD.)

d. Details of shareholders holding more than 5% shares

Name of the shareholder	Figures as at the end of the current reporting year ended on March 31, 2013		Figures as at the end of the previous reporting year ended on March 31, 2012	
	No. of Shares	% of holding	No. of Shares	% of holding
Mr. Rahul Chandrakant Kirloskar	1,040,115	19.67	1,034,383	19.56
Mr. Gautam Achyut Kulkarni	1,041,468	19.69	1,035,751	19.58
Mr. Atul Chandrakant Kirloskar	1,039,631	19.66	1,033,909	19.55
TOTAL	3,121,214	59.02	3,104,043	58.69

- e. In the financial year 2009-10, 5,288,718 aggregate no. of equity shares of ₹ 10/- each were allotted as fully paid up without payment being received in cash pursuant to Scheme of Arrangement between Kirloskar Brothers Limited and Kirloskar Brothers Investments Limited and their respective shareholders under Section 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956.

	[in ₹]	
	Figures as at the end of current reporting year ended on March 31, 2013	Figures as at the end of previous reporting year ended on March 31, 2012

NOTE A - 2 : RESERVES AND SURPLUS

General Reserve

Opening Balance	731,278,587	591,979,550
Add : Transfer as per Scheme of Amalgamation	-	8,375,434
Add : Transfer from Surplus	<u>39,692,286</u>	<u>130,923,603</u>
	770,970,873	731,278,587

Reserve Fund

In terms of Section 45-IC of the Reserve Bank of India Act, 1934

Opening Balance	319,605,687	57,758,481
Add : Transfer from Surplus	<u>79,384,572</u>	<u>261,847,206</u>
	398,990,259	319,605,687

Surplus

Opening Balance	1,513,263,569	415,656,583
Add : Transfer as per Scheme of Amalgamation	-	202,296,635
Add : Transfer from Profit and Loss Statement	<u>396,922,859</u>	<u>1,309,236,032</u>
Amount available for appropriations	1,910,186,428	1,927,189,250

Less : Appropriations

Proposed Dividend	21,154,872	21,154,872
Transfer to Reserve Fund in terms of Section 45-IC of the Reserve Bank of India Act, 1934	79,384,572	261,847,206
Transfer to General Reserve	<u>39,692,286</u>	<u>130,923,603</u>
Balance in Profit and Loss Statement	1,769,954,698	1,513,263,569

TOTAL

<u>2,939,915,830</u>	<u>2,564,147,843</u>
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PART A : NOTES TO ACCOUNTS (CONTD.)

[in ₹]

	Figures as at the end of current reporting year ended on March 31, 2013	Figures as at the end of previous reporting year ended on March 31, 2012
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NOTE A - 3 : OTHER CURRENT LIABILITIES
Other payables

Service Tax and TDS payable	28,347	21,711
Superannuation fund contribution payable	-	2,998
Salary and commission	2,300,000	2,400,000

**Investor Education & Protection Fund
(will be credited as and when due)**

Unpaid Dividend	1,096,195	422,168
Unpaid Fractional Entitlements	869,800	876,188

TOTAL	4,294,342	3,723,065
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NOTE A - 4 : SHORT TERM PROVISIONS
Provision for employee benefits

Leave encashment	54,522	101,786
Gratuity (Refer note C - 6)	163,330	(29,344)

Others

Proposed Dividend	21,154,872	21,154,872
Provision for Taxation (Net of Advance Income Tax)	49,539	1,253,757

TOTAL	21,422,263	22,481,071
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NOTE A - 5 : TANGIBLE ASSETS

[in ₹]

Particulars	Tangible Assets			Total
	Motor Car	Computers and Other Equipments	Office Equipments	
Gross Block				
At 31.03.2011	1,070,000	96,388	33,300	1,199,688
Additions	-	42,421	48,068	90,489
As at 31.03.2012	1,070,000	138,809	81,368	1,290,177
Additions	-	193,800	-	193,800
As at 31.03.2013	1,070,000	332,609	81,368	1,483,977
Depreciation/ Amortization				
At 31.03.2011	241,352	21,529	89	262,970
Charge for the year	215,124	43,581	6,409	265,114
At 31.03.2012	456,476	65,110	6,498	528,084
Charge for the year	158,840	50,317	10,416	219,573
At 31.03.2013	615,316	115,427	16,914	747,657
Net Block				
As at 31.03.2012	613,524	73,699	74,870	762,093
As at 31.03.2013	454,684	217,182	64,454	736,320

PART A : NOTES TO ACCOUNTS (CONTD.)

NOTE A - 6 : NON CURRENT INVESTMENTS

[in ₹]

Particulars	Figures as at the end of current reporting year ended on March 31, 2013	Figures as at the end of previous reporting year ended on March 31, 2012
Long term Investments		
Trade Investments (Refer details below)		
Investment in Equity Instruments	2,754,959,158	2,531,321,434
TOTAL	2,754,959,158	2,531,321,434
Aggregate cost of quoted investments	2,720,568,595	2,496,930,871
Aggregate Market Value of quoted investments	16,263,298,897	14,519,717,368
Aggregate cost of unquoted investments	34,390,563	34,390,563
Aggregate provision for diminution in value of investments	1,152,999	1,152,999

Name of the Body Corporate	Subsidiary/ Others	Face Value each, in ₹	No. of Shares		Quoted/ Unquoted	Partly paid/ Fully paid	Extent of Holding (%)		Amount in ₹	
			2013 (4)	2012 (5)			2013 (8)	2012 (9)	2013 (10)	2012 (11)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Investment in Equity Instruments – At cost										
Kiroskar Oil Engines Limited (Refer note C-9) (12,751,567 no of shares acquired in the previous year on amalgamation of Pooja Credits Private Limited with the Company)	Subsidiary	2	76,850,154	75,964,859	Quoted	Fully paid	53.14	52.16	1,453,643,341	1,282,972,542
Kiroskar Pneumatic Company Limited	Subsidiary	10	6,994,176	6,885,884	Quoted	Fully paid	54.45	53.61	1,197,819,387	1,144,852,462
Kiroskar Industries Limited	Others	10	200	200	Quoted	Fully paid	-	-	5,867	5,867
*Kiroskar Ferrous Industries Limited	Others	5	3,800,000	3,800,000	Quoted	Fully paid	2.77	2.77	69,100,000	69,100,000
*Kiroskar Ferrous Industries Limited -Detachable warrants	Others	-	-	1,800,000	Quoted	-	-	-	-	-
(Detachable warrants –extinguished during the year - Refer note C-8)										
Nashik Silk Industries Limited	Subsidiary	10	3,353,990	3,353,990	Unquoted	Fully paid	100.00	100.00	33,539,900	33,539,900
Kiroskar Kenya Limited	Others	in K.Sh. 1000	1,272	1,272	Unquoted	Fully paid	12.72	12.72	850,662	850,662
*Kiroskar Investments & Finance Limited (At cost i.e ₹ 1,153,000 less provision for diminution in value of ₹ 1,152,999)	Others	10	57,650	57,650	Unquoted	Fully paid	0.03	0.03	1	1
TOTAL									2,754,959,158	2,531,321,434

*Investments acquired in the previous year, on amalgamation of Pooja Credits Private Limited with the Company.


PART A : NOTES TO ACCOUNTS (CONTD.)

	[in ₹]	
	Figures as at the end of current reporting year ended on March 31, 2013	Figures as at the end of previous reporting year ended on March 31, 2012
NOTE A - 7 : LONG TERM LOANS AND ADVANCES		
Other Loans and advances		
Advances to Employees Unsecured, considered good	22,000	24,400
Advance to Employees Group Superannuation Trust Unsecured, considered good	41,000	41,000
Security Deposit		
Unsecured, considered good	149,490	-
Advance income tax (net of provision) Unsecured, considered good	570,185	570,185
TOTAL	782,675	635,585
NOTE A - 8 : CASH AND BANK BALANCES		
Cash and cash equivalents		
Cash on Hand	16,203	18,433
Balance with Banks	247,842,917	109,260,125
Earmarked balance with bank		
Unpaid dividend account	1,096,195	422,168
Unpaid fractional entitlement account	869,800	876,188
TOTAL	249,825,115	110,576,914
NOTE A - 9 : SHORT TERM LOANS AND ADVANCES		
Others		
Advances to Employees Unsecured, considered good	19,400	15,400
Prepaid Expenses Unsecured, considered good	26,245	9,370
TOTAL	45,645	24,770
NOTE A - 10 : OTHER CURRENT ASSETS		
Interest Accrued on Fixed Deposits with Bank Unsecured, considered good	12,423,070	166,177
Interest receivable on Income tax refund Unsecured, considered good	16,326	-
TOTAL	12,439,396	166,177

PART A : NOTES TO ACCOUNTS (CONTD.)

	[in ₹]	
	Figures for current reporting year ended on March 31, 2013	Figures for previous reporting year ended on March 31, 2012
NOTE A - 11 : REVENUE FROM OPERATIONS		
Interest income		
On fixed deposits with Banks	23,603,258	37,926,858
On loan to subsidiary	–	439,295
Profit on sale of long term Investments	–	1,144,574,468
Dividend income from long term Investments		
From subsidiary companies	387,789,548	372,693,966
From other companies	4,335,235	4,268,667
TOTAL	<u><u>415,728,041</u></u>	<u><u>1,559,903,254</u></u>
NOTE A - 12 : OTHER INCOME		
Other non operating income		
Interest on Income Tax refund	16,326	–
Provision written back	–	2,144,906
Miscellaneous income	252,511	–
TOTAL	<u><u>268,837</u></u>	<u><u>2,144,906</u></u>
NOTE A - 13 : EMPLOYEE BENEFITS EXPENSE		
Salaries	5,325,585	5,541,014
Contribution to provident and other funds	779,433	810,455
Gratuity (Refer note C -6)	207,714	4,458
Welfare expenses	22,412	14,037
TOTAL	<u><u>6,335,144</u></u>	<u><u>6,369,964</u></u>

**PART A : NOTES TO ACCOUNTS (CONTD.)**

	[in ₹]	
	Figures for current reporting year ended on March 31, 2013	Figures for previous reporting year ended on March 31, 2012
NOTE A - 14 : OTHER EXPENSES		
Rent	335,940	303,587
Rates and Taxes	75,462	53,124
Royalty	105,000	105,000
Legal and Professional Fees	512,218	1,059,037
Remuneration to Auditor (Refer note C -3)	228,880	199,127
Filing and application Fees	148,418	297,521
Directors' Sitting Fees	150,000	200,000
Directors' Commission	300,000	400,000
Printing and Publication	896,148	771,747
Insurance	21,708	22,392
Travelling and Conveyance	300,769	314,417
Postage and Telephone	440,480	536,669
Investments Written off	—	500,000
Donations	5,000,000	5,020,000
Bank Charges	1,306	496,162
Other miscellaneous expenses	285,734	209,112
TOTAL	8,802,063	10,487,895

PART B : SIGNIFICANT ACCOUNTING POLICIES**NOTE B - 1 : BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

- a) The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India. 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.

NOTE B - 2 : USE OF ESTIMATES

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumption that affect the reported amounts of revenue, expenses, current assets, non-current assets, current liabilities, non-current liabilities and disclosure of the contingent liabilities at the end of reporting period. Although these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount of assets or liabilities in future periods.

NOTE B - 3 : CASH AND CASH EQUIVALENTS

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

PART B : SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Cash Flow Statement:

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

NOTE B - 4 : DEPRECIATION

Depreciation on fixed assets has been provided in a manner that amortizes the cost of the assets over their estimated useful lives on written down value method at the rates prescribed by Schedule XIV of the Companies Act, 1956.

NOTE B - 5 : REVENUE RECOGNITION

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Where the ability to assess the ultimate collection with reasonable certainty is lacking at the time of raising any claim, revenue recognition is postponed to the extent of uncertainty involved. In such cases revenue is recognized only when it is reasonably certain that the ultimate collection will be made.

- a) Interest accrues on the time basis determined by the amount outstanding and the rate applicable.
- b) Dividend from investments in shares is not recognized in the Statement of Profit and Loss until a right to receive payment is established in the reporting year.

NOTE B - 6 : TANGIBLE FIXED ASSETS

Fixed assets are stated at cost less accumulated depreciation. The cost of a fixed asset comprises its purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

NOTE B - 7 : INVESTMENTS

Investments are classified as trade when investment is made in the shares or debentures of another company for the purpose of promoting the trade or business of the Company.

Investments that are readily realizable and intended to be held for not more than a year from the date on which such investment is made 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 such investments.
- c) On disposal of an investment, the difference between its carrying amount and the net disposal proceeds is charged or credited to the Profit and Loss Statement.

NOTE B - 8 : EMPLOYEE BENEFITS

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 and short term compensated absences are recognized 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 governed provident fund are defined contribution plans. The contribution paid/payable under the scheme is recognized during the period in which the employee renders the related service.

**PART B : SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****b) Defined Benefit Plans:**

The employees' gratuity fund scheme with LIC is the company's defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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

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

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

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

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.

Accumulated leave that is expected to be utilized within the next 12 months is treated as short term employee benefits.

NOTE B - 9 : EARNINGS PER SHARE**Basic earnings per share**

For the purpose of calculating basic earnings per share, the net profit or loss for the period attributable to equity shareholders after deducting any attributable tax thereto for the period is divided by weighted number of equity shares outstanding during the period.

Diluted earnings per share

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

NOTE B - 10 : TAXES ON INCOME

- a) Tax on income for the current period is determined on the basis of taxable income after considering the various deductions available under The Income Tax Act, 1961.
- b) Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year. The tax effect is calculated on the accumulated timing differences at the end of the accounting period based on prevailing enacted or subsequently enacted regulations.
- c) Deferred tax liabilities are recognized for all timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. At each reporting date the Company reassesses the unrecognized deferred tax assets and reviews the deferred tax assets recognized.
- d) Minimum Alternate Tax (MAT) - MAT credit is recognized as an asset only when and to the extent there is reasonable certainty that the Company will pay normal income tax during the specified period. The Company reviews the said MAT Credit entitlement at each reporting date.

PART B : SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

NOTE B - 11 : 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.

NOTE B - 12 : CONTINGENT LIABILITY

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

PART C : OTHER NOTES

NOTE C - 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 where control exists

Sr. No.	Name of the related company	Nature of relationship
1.	Nashik Silk Industries Limited	Subsidiary Company
2.	Kirloskar Pneumatic Company Limited	Subsidiary Company
3.	Kirloskar Oil Engines Limited	Subsidiary Company
4.	Kirloskar RoadRailer Limited	Subsidiary Company of Kirloskar Pneumatic Company Limited

B Names of the related parties with whom transactions have been entered into

Sr. No.	Name of the related party	Nature of relationship
1.	Nashik Silk Industries Limited	Subsidiary Company
2.	Kirloskar Pneumatic Company Limited	Subsidiary Company
3.	Kirloskar Oil Engines Limited	Subsidiary Company
4.	Mr. Anil C. Kulkarni - Executive Director	Key Management Personnel
5.	Mrs. Asmita A. Kulkarni	Relative of Key Management Personnel


PART C : OTHER NOTES (CONTD.)
C Related Party Transactions during the period

Sr. No.	Particulars	₹ 2012-2013	₹ 2011-2012
1.	Loan Given: to Nashik Silk Industries Limited Transferred from Pooja Credit Private Limited on its amalgamation with the company	- -	- 6,550,000
	Interest : from Nashik Silk Industries Limited	-	488,600
		-	7,038,600
2.	Investments made: in Nashik Silk Industries Limited *	-	13,538,600
	in Kirloskar Oil Engines Limited	170,670,798	1,048,113,342
	in Kirloskar Pneumatic Company Limited	52,966,925	1,019,196,829
3.	Dividend received: Kirloskar Pneumatic Company Limited	83,930,112	77,967,048
	Kirloskar Oil Engines Limited	303,859,436	294,726,918
4.	Remuneration paid: to Executive Director - Mr. Anil C. Kulkarni	5,144,062	4,982,438
5.	Dividend paid : to Relatives of Key Management Personnel - Mrs. Asmita A. Kulkarni	220	138

* **Note** : Loan given along with outstanding interest (Net), to Nashik Silk Industries Limited was converted into 703,860 equity shares of ₹ 7,038,600/- and an additional investment of ₹ 6,500,000/- i.e. 650,000 equity shares was made during the previous year.

D Amount due to

Sr. No.	Particulars	₹ 2012-2013	₹ 2011-2012
1.	Key Management Personnel Commission - to Executive Director - Mr. Anil C. Kulkarni	2,000,000	2,000,000

NOTE C - 2 : EARNING PER SHARE (BASIC AND DILUTED)

Sr. No.	Particulars	₹ 2012-2013	₹ 2011-2012
	Basic and Diluted		
(a)	Profit for the year before tax	400,640,098	1,544,925,187
	Less : Attributable Tax thereto	3,717,239	235,689,155
	Profit after Tax	396,922,859	1,309,236,032
(b)	Weighted average number of equity shares used as denominator	5,288,718	5,288,718
(c)	Basic and Diluted earning per share of nominal value of ₹ 10/- each	75.05	247.55

PART C : OTHER NOTES (CONTD.)

NOTE C-3 : REMUNERATION TO AUDITORS

Sr. No.	Particulars	₹ 2012-2013	₹ 2011-2012
	Statutory Auditors :		
(a)	Audit Fees	140,450	112,360
(b)	For Tax Audit Fees	28,090	27,987
		168,540	140,347
(c)	For Certification	60,340	58,780
	TOTAL	228,880	199,127

NOTE C - 4 : CONTINGENT LIABILITIES NOT PROVIDED IN RESPECT OF

- (i) Demand notice of ₹ 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.
- (ii) Income tax demand of ₹ 1,328,877/- for A.Y. 2006-2007, issued by Centralized Processing Centre (CPC), Bangalore, in respect of Pooja Credits Private Limited (PCPL), amalgamated with the Company in F.Y. 2011-2012 w.e.f. 05 December 2011.
- (iii) Income tax demand of ₹ 7,639,830/- for A.Y. 2009-2010, issued by Centralized Processing Centre (CPC), Bangalore, in respect of Pooja Credits Private Limited (PCPL), amalgamated with the Company in F.Y. 2011-2012 w.e.f. 05 December 2011.
- (iv) Income tax demand of ₹ 544,740/- for A.Y. 2010-2011, issued by the Income Tax Officer, Ward 11(3), Pune.

NOTE C - 5 : EARNINGS IN FOREIGN CURRENCIES

Sr. No.	Particulars	₹ 2012-2013	₹ 2011-2012
(a)	Dividend received	5,34,435	313,633
(b)	Sale of Investment	-	2,097,628
	TOTAL	5,34,435	2,411,261

NOTE C - 6 : EMPLOYEE BENEFITS

(i) Defined Contribution Plans:

Amount of ₹ 779,433/- (₹ 810,455/-) is recognised as an expense and included in "Employee Benefits Expense"(Refer note A - 13) in the Profit and Loss Statement.

(ii) Defined Benefit Plans:

The amount recognized in the Accounts in respect of defined benefit plan based on actuarial valuation is as follows :


PART C : OTHER NOTES (CONTD.)

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

[in ₹]

Sr. No.	Particulars	Figures as at the end of current reporting year ended on March 31, 2013	Figures as at the end of previous reporting year ended on March 31, 2012
		Gratuity Plan (Funded)	Gratuity Plan (Funded)
A.	Amount to be recognised in Balance Sheet		
	Present Value of Defined Benefit Obligation	366,634	143,048
	Less : Fair Value of Plan Assets	203,304	172,392
	Amount to be recognised as liability or (asset)	163,330	(29,344)
B.	Amounts reflected in the Balance Sheet		
	Liabilities - note A-4	163,330	-
	Assets	-	29,344
	Net Liability / (Assets)	163,330	(29,344)

(b) The amounts recognised in Profit & Loss Statement are as follows

[in ₹]

Sr. No.	Particulars	Figures as at the end of current reporting year ended on March 31, 2013	Figures as at the end of previous reporting year ended on March 31, 2012
		Gratuity Plan (Funded)	Gratuity Plan (Funded)
1.	Current Service Cost	26,000	15,217
2.	Past Service Cost	-	-
3.	Interest Cost	11,444	1,220
4.	Expected Return on Plan Assets	(15,872)	(3,343)
5.	Actuarial Losses/(Gains)	186,142	111,366
6.	Past Service Cost	-	-
7.	Effect of any curtailment or settlement	-	-
8.	Actuarial Gain not recognised in books	-	-
9.	Amount recognised in earlier years	-	(120,002)
	Total included in Note A-13	207,714	4,458
	'Employee Benefits Expense'		
	Actual Return on Planned Assets	7.81%	1.94%

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

[in ₹]

Sr. No.	Particulars	Figures as at the end of current reporting year ended on March 31, 2013	Figures as at the end of previous reporting year ended on March 31, 2012
		Gratuity Plan (Funded)	Gratuity Plan (Funded)
1.	Balance of the present value of Defined benefit obligation as at 01.04.2012	143,048	15,245
2.	Add : Current Service Cost	26,000	15,217
3.	Add : Past Service Cost	-	-
4.	Add : Interest Cost	11,444	1,220
5.	Add / (Less) : Actuarial losses / (gains)	186,142	111,366
6.	Less : Benefits paid	-	-
7.	Balance of the present value of Defined Benefit Obligation as at 31.03.2013	366,634	143,048

PART C : OTHER NOTES (CONTD.)

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

[in ₹]

Sr. No.	Particulars	Figures as at the end of current reporting year ended on March 31, 2013	Figures as at the end of previous reporting year ended on March 31, 2012
		Gratuity Plan (Funded)	Gratuity Plan (Funded)
1.	Opening Balance of the the fair value of plan assets as at 01.04.2012	172,392	30,477
2.	Add : Expected return on plan assets	15,872	3,343
3.	Add / (Less) : Acturual (losses) / gains	-	-
4.	Add : Contribution by the employer	15,040	138,572
5.	Less : Benefits paid	-	-
6.	Closing Balance of the the fair value of plan assets as at 31.03.2013	203,304	172,392

- (e) Broad categories of plan assets as a percentage of total plan assets as at 31-03-2013 of Employee's Gratuity Scheme are as under

[in ₹]

Sr. No.	Description	2012-2013 %	2011-2012 %
1.	Central Govt. Securities	31.35	36.76
2.	State Govt. Securities	10.71	11.83
3.	Govt. Guaranteed Securities	1.35	1.59
4.	Bonds/Debentures etc.	42.85	43.11
5.	Loans	0.17	0.12
6.	Equity Shares	5.22	3.46
7.	Fixed Deposits and Money Market	8.35	3.13
	TOTAL	100.00	100.00

- (f) Principal actuarial assumptions at the balance sheet date
- Discount rate as at 31.03.2013 : 8% (P.Y. : 8%)
 - Expected return on plan assets : 7.81 % (P.Y. : 1.94%)
 - Salary growth rate : 5% (P.Y. : 7%)
 - The estimate of future salary increases considered in actuarial valuation taken into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market

(iii) Long term Compensated Absences

- The amount recognised in Balance Sheet is ₹ 54,522/- (P.Y. ₹ 101,786/-).
- The amount recognised in Profit and Loss Statement is ₹ 47,264/- (Cr) (P.Y. ₹ 21,785/- (Cr))

As the Company has only 5 employees as on 31st March 2013, it is not considered practicable or material to obtain an actuarial valuation for long term liability on account of leave encashment as per Accounting Standard 15 "Employee Benefits". The Company has accounted for the same in the manner specified in note no. B - 8 - III.

NOTE C-7 : MINIMUM ALTERNATE TAX (MAT)

During the Previous year the Company had paid Income tax under Minimum Alternative Tax (MAT) (115 JB) provisions of the Income Tax Act, 1961 as the liability under MAT was higher than Normal Tax liability. The excess of tax payable under MAT over Normal tax payable is available to be set off against the future tax liabilities. The same has not been recognised as an asset as there is no certainty of availment of the same against future normal tax liability.

During the Current year, the Company is liable to Normal Tax as the normal tax is higher than MAT tax liability. The Company has availed and utilised MAT Credit of ₹ 3,485,000/- in the current period. The unavailed amount of MAT as on 31 March 2013 is ₹ 22,05,63,551/-.

**NOTE C-8**

Kirloskar Ferrous Industries Limited (KFIL) had allotted Detachable Warrants on subscription of its rights issue of equity shares. The Board of KFIL has extinguished all outstanding Detachable Warrants which were not exercised by the Warrantheolders for conversion into Equity Shares as of 15 March 2013. As the Company did not exercise the option to convert the 1,800,000 Detachable Warrants held by it, the same were extinguished during March 2013.

NOTE C-9

Out of the total 76,850,154 Equity Shares of ₹ 2/- each held in Kirloskar Oil Engines Limited, 29,125,950 (P.Y. 29,125,950) equity shares are under lock-in for a period upto 30th December 2013.

NOTE C-10

For the current year, amount of proposed dividend from subsidiaries is more than that proposed by the Company and hence as per Section 115 O (1A) of the Income Tax Act, 1961, provision for Dividend Distribution Tax is not required.

NOTE C-11

Company has operations only in one segment i.e. investments. Hence segment wise results are not applicable.

NOTE C-12

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
Firm's Registration No: 101118W

ATUL C. KIRLOSKAR
Chairman

ANIL C. KULKARNI
Executive Director

ABHIJEET BHAGWAT
Partner
Membership No. 136835
Pune : 20 May 2013

ANIKET A. DESHPANDE
Company Secretary

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

Sr. No.	Names of the Subsidiaries	Nashik Silk Industries Limited	Kirloskar Oil Engines Limited	Kirloskar Pneumatic Company Limited (Consolidated)
1.	The financial year of the Subsidiary Companies ended on	March 31, 2013	March 31, 2013	March 31, 2013
2.	Holding Company's interest	Controls composition of the Board and also owns 100% of Equity Share Capital	Owns 53.14% of Equity Share Capital	Owns 54.45% 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 March 31, 2013 ₹ (ii) Profit / (Losses) for its previous financial years since becoming subsidiary ₹	 (234,297) (6,578,333)	 1,056,682,337 696,641,470	 265,107,680 247,960,592
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, 2013 ₹ (ii) For its previous financial years ₹	 - -	 - 303,859,436	 - 83,930,112

For and on behalf of the Board of Directors

ATUL C. KIRLOSKAR
Chairman
Pune : 20 May 2013

ANIL C. KULKARNI
Executive Director

ANIKET A. DESHPANDE
Company Secretary



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 2013 and for the corresponding previous year ended 31 March 2012.

[in ₹]

	Nashik Silk Industries Limited		Kirloskar Oil Engines Limited		Kirloskar Pneumatic Company Limited		Kirloskar RoadRailer Limited	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
I. EQUITY AND LIABILITIES								
1. Shareholders' funds								
(a) Share capital	33,539,900	33,539,900	289,228,652	291,259,500	128,443,380	128,443,380	1,000,000	1,000,000
(b) Reserves and surplus	(9,655,877)	(9,421,580)	11,253,412,277	10,035,244,828	2,459,627,156	2,168,977,649	(96,914)	(65,843)
	23,884,023	24,118,320	11,542,640,929	10,326,504,328	2,588,070,536	2,297,421,029	903,086	934,157
2. Non-current liabilities								
(a) Long-term borrowings	-	-	-	781,972,047	-	62,548,750	-	-
(b) Deferred tax liabilities (Net)	-	-	341,035,168	380,202,921	1,056,669	4,274,365	-	-
(c) Other long-term liabilities	245,006	245,006	299,745,711	460,181,709	11,007,182	13,174,461	-	-
(d) Long-term provisions	-	-	215,029,651	311,541,462	38,381,143	26,500,705	-	-
	245,006	245,006	855,810,530	1,933,898,139	50,444,994	106,498,281	-	-
3. Current liabilities								
(a) Short-term borrowings	-	-	-	83,943,593	-	-	-	-
(b) Trade payables	301,190	300,943	2,843,061,388	2,489,414,568	852,248,179	1,077,945,194	5,000	34,693
(c) Other current liabilities	-	-	1,097,284,681	1,791,271,068	890,983,351	862,108,860	-	-
(d) Short-term provisions	-	-	1,094,585,657	1,051,977,310	429,128,359	488,123,129	-	-
	301,190	300,943	5,034,931,726	5,416,606,540	2,172,359,889	2,428,177,183	5,000	34,693
TOTAL	24,430,219	24,664,269	17,433,383,185	17,677,009,006	4,810,875,419	4,832,096,493	908,086	968,850
II. ASSETS								
1. Non-current assets								
(a) Fixed assets								
Tangible assets	23,429,624	23,429,624	5,860,539,889	5,698,174,387	895,375,558	780,576,593	-	-
Intangible assets	-	-	54,304,384	59,930,665	125,001,930	125,275,639	-	-
Capital work-in-progress	-	-	136,163,659	89,100,718	21,134,984	20,424,092	-	-
Intangible assets under development	-	-	132,603,791	66,093,992	-	-	-	-
	23,429,624	23,429,624	6,183,611,723	5,913,299,762	1,041,512,472	926,276,324	-	-
(b) Non-current investments	-	-	100,000,200	100,000,200	79,581,904	30,713,098	-	-
(c) Deferred Tax Assets (Net)	-	-	-	-	-	-	-	-
(d) Long-term loans and advances	-	-	663,156,946	724,717,601	61,332,917	45,170,926	-	-
(e) Other non-current assets	120,150	120,150	257,793,767	102,874,088	14,073,180	28,465,895	-	-
	23,549,774	23,549,774	7,204,562,636	6,840,891,651	1,196,500,473	1,030,626,243	-	-
2. Current assets								
(a) Current investments	-	-	4,076,112,730	5,174,293,728	1,050,000,000	1,000,000,000	-	-
(b) Inventories	-	-	1,885,368,380	1,322,211,173	723,845,996	821,739,537	-	-
(c) Trade receivables	-	-	2,886,619,781	2,989,445,017	1,320,671,371	1,350,411,642	-	-
(d) Cash and bank balances	342,577	576,627	247,759,604	273,794,707	158,848,659	251,346,348	908,086	968,850
(e) Short term loans and advances	500,000	500,000	927,788,760	565,139,197	87,689,728	84,054,519	-	-
(f) Other current assets	37,868	37,868	205,171,294	511,233,533	273,319,192	293,918,204	-	-
	880,445	1,114,495	10,228,820,549	10,836,117,355	3,614,374,946	3,801,470,250	908,086	968,850
TOTAL	24,430,219	24,664,269	17,433,383,185	17,677,009,006	4,810,875,419	4,832,096,493	908,086	968,850
Turnover	-	-	23,964,651,946	23,625,454,364	5,624,028,985	6,801,749,978	-	-
Profit before tax	(234,297)	(468,465)	2,708,543,088	2,807,165,198	707,758,610	884,716,512	(31,071)	(64,843)
Tax expense	-	-	720,109,806	889,137,590	236,782,304	265,571,187	-	-
Profit / (Loss) for the period	(234,297)	(468,465)	1,988,433,282	1,918,027,608	470,976,306	619,145,325	(31,071)	(64,843)
Interim Dividend	-	-	-	-	-	-	-	-
Proposed Dividend	-	-	723,071,630	582,519,000	154,132,056	154,132,056	-	-

contd.

	Nashik Silk Industries Limited		Kirloskar Oil Engines Limited		Kirloskar Pneumatic Company Limited		Kirloskar RoadRailer Limited	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Note 1 : Details of Investments :								
Non Current Investments :								
Government and Trust Securities - Quoted :								
201,988 units of ₹10/- each in UTI Balanced fund (Growth)	-	-	-	-	8,063	8,063	-	-
4,811,812 (4,524,825) units of ₹ 10/- each in UTI Balanced Fund (Dividend Plan - Reinv.)	-	-	-	-	88,502	83,447	-	-
3,300 Master Shares of ₹ 10/- each	-	-	-	-	8,244	8,244	-	-
Other Quoted Investments :								
46,990 Shares of ₹ 2/- each in Housing Development Finance Corporation Ltd.	-	-	-	-	117,475	117,475	-	-
10,059 shares of ₹ 10/- each in ICICI Bank Ltd.	-	-	-	-	206,101	206,101	-	-
2,000,000 Shares of ₹ 5/- each in Kirloskar Ferrous Industries Ltd.	-	-	-	-	20,000,000	20,000,000	-	-
2,500 Shares of ₹ 2/- each (500 Equity Shares of ₹ 10/- each) in HDFC Bank Ltd.	-	-	-	-	5,000	5,000	-	-
1,400 Equity shares of ₹ 10/- each in Punjab National Bank	-	-	-	-	43,400	43,400	-	-
100,000 Shares of ₹ 10/- each in The Mysore Kirloskar Ltd. (At cost i.e. ₹ 2,400,000 less provision for diminution in value of ₹ 2,399,999)	-	-	-	-	1	1	-	-
375,000 shares of ₹ 10 each in Kirloskar Investment & Finance Ltd. (At cost i.e. ₹ 5,000,000/- less provision for diminution in value of ₹ 4,999,999/-)	-	-	-	-	1	1,136,250	-	-
Fully paid Equity Shares : Trade, Unquoted :								
1,272 Shares of Ken. Sh. 1,000/- each in Kirloskar Kenya Ltd.	-	-	-	-	833,984	833,984	-	-
56,250 Shares of Singapore \$ 1 each in Kirsons Trading Pte. Ltd. - a Foreign Body Corporate	-	-	-	-	1,120,932	1,120,932	-	-
1 Share of ₹ 100/- fully paid in The Nashik Merchants' Co-operative Bank Ltd.	-	-	-	-	100	100	-	-
62,500 Shares of ₹ 20/- each fully paid in The Cosmos Co-operative Bank Ltd.	-	-	-	-	1,250,000	1,250,000	-	-
2 Shares of ₹ 100/- each in Kirloskar Proprietary Ltd.	-	-	100	100	100	100	-	-
100,000 Equity Shares of ₹ 10/- each in Kirloskar Road Railer Limited (Subsidiary Company)	-	-	-	-	-	-	1,000,000	1,000,000
490,000 Equity Shares of ₹ 10/- each fully paid in Kirloskar Chillers Pvt. Ltd. (Associate Company)	-	-	-	-	4,900,000	4,900,000	-	-
Fully paid Preference Shares : Trade, Unquoted :								
1 Preference Share of ₹ 100/- each in Kirloskar Proprietary Ltd.	-	-	100	100	-	-	-	-
In Debentures and Bonds : Quoted								
12.5% Secured Redeemable Partly Convertible Debentures of The Mysore Kirloskar Ltd. (At cost i.e. ₹ 1,100,000 less provision for diminution in value of ₹ 1,099,999)	-	-	-	-	1	1	-	-
Quoted: Mutual Funds:								
5,00,000 units of ₹ 10/- each of HDFC FMP 384 D March 13- Series 23	-	-	-	-	50,000,000	-	-	-
Unquoted Debt Instrument	-	-	-	-	-	-	-	-
7,441,438 (7,385,411) HDFC Group Unit Linked Plan	-	-	100,000,000	100,000,000	-	-	-	-
Total Non Current Investments :	-	-	100,000,200	100,000,200	79,581,904	30,713,098	-	-
Current Investments :								
In Mutual Fund Units Unquoted -								
Current Portion of Long Term Investments :								
Dividend Scheme - Fixed Maturity Plan	-	-	-	-	-	-	-	-
-(5,000,000) SBI Debt Fund Series - 367 Days - 12 Dividend	-	-	-	50,000,000	-	-	-	-
Current Investments :								
-(10,000,000) Birla Sun Life Interval Income Fund - Instl- Qtrly -S1- Div Payout	-	-	-	100,000,000	-	-	-	-
-(10,000,000) Birla Sun Life Short Term FMP Series 25-Div-Payout	-	-	-	100,000,000	-	-	-	-
-(10,000,000) Birla Sun Life Short Term FMP Series 29-Div-Payout	-	-	-	100,000,000	-	-	-	-
-(10,000,000) Birla Sun Life Quarterly Interval Series - 4 - Div Payout	-	-	-	100,000,000	-	-	-	-
-(10,000,000) DSP Black Rock FMP - 3M Series 33-Div Payout	-	-	-	100,000,000	-	-	-	-
-(10,000,000) DSP Black Rock FMP - 3M Series 40-Div Payout	-	-	-	100,000,000	-	-	-	-
-(15,000,000) DSP Black Rock FMP - 3M Series 42-Div Payout	-	-	-	150,000,000	-	-	-	-
-(10,000,000) IDFC Quarterly FMP Series - 72 - Div Payout	-	-	-	100,000,000	-	-	-	-

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[in ₹]

	Nashik Silk Industries Limited		Kirloskar Oil Engines Limited		Kirloskar Pneumatic Company Limited		Kirloskar RoadRailer Limited	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
- (10,000,000) SBI Debt Fund Series - 90 Days - 55 Dividend	-	-	-	100,000,000	-	-	-	-
- (9,997,001) UTI Fixed Income Interval Series - I	-	-	-	100,000,000	-	-	-	-
- (9,996,901) UTI Fixed Income Interval Series - III	-	-	-	100,000,000	-	-	-	-
- (10,000,000) UTI Quarterly FMP Series - 1	-	-	-	100,000,000	-	-	-	-
- (5,192,992) Birla Sunlife Cash Plus INSTL Premium-Daily Div.Reinvestment	-	-	-	520,311,834	-	-	-	-
- (40,813,645) HDFC Liquid Fund Premium Plan - Daily Div. Reinvestment	-	-	-	500,367,129	-	-	-	-
- 7,067,377 (5,500,975) ICICI Prudential Liquid Regular Plan - Daily Dividend	-	-	706,897,443	550,221,795	-	-	-	-
- 25,044,372 (30,152,171) IDFC Ultra Short Term Fund Daily Dividend Reinvestment	-	-	250,756,775	301,898,617	-	-	-	-
- (300,060) IDFC Cash Fund Super Inst Plan C	-	-	-	300,135,031	-	-	-	-
- (55,983,445) Reliance Liquid Fund - Daily Dividend	-	-	-	600,140,364	-	-	-	-
- (498,827) SBI Premier Liquid Fund - Super Inst. - Daily Dividend	-	-	-	500,448,015	-	-	-	-
- (100,275) TATA Liquidity Management Fund - Daily Dividend Reinvestment	-	-	-	100,536,734	-	-	-	-
- (490,692) UTI Liquid Fund - Cash Plan - Daily Dividend	-	-	-	500,234,210	-	-	-	-
- 120,744 (-) AXIS Liquid Fund-Daily Dividend Reinvestment	-	-	120,786,992	-	-	-	-	-
- 2,503,627 (-)Birla Sunlife Floating Rate Long Term - Daily Dividend - Regular Plan Reinvestment	-	-	250,770,531	-	-	-	-	-
- 4,995,894 (-) Birla Sunlife Cash Plus Weekly Dividend - Regular Plan Reinvestment	-	-	500,973,766	-	-	-	-	-
- 140,263 (-) DSP BlackRock Liquidity Fund - Institutional plan - Weekly Dividend Reinvestment	-	-	140,291,143	-	-	-	-	-
- 24,909,806 (-) HDFC Floating Rate Fund Income Fund - Short Term plan - Wholesale Option Daily Dividend Reinvestment	-	-	251,113,267	-	-	-	-	-
- 20,379,037 (-) HDFC Liquid Fund - Weekly Dividend Reinvestment	-	-	210,260,528	-	-	-	-	-
- 19,019,150 (-) Kotak - Flexi Debt Scheme - Plan A - Daily Dividend Reinvestment	-	-	191,094,913	-	-	-	-	-
- (196,426) Kotak Liquid Scheme - Plan A - Daily Dividend	-	-	240,191,377	-	-	-	-	-
- 130,997 (-) Reliance Liquid Fund - Treasury Plan - Weekly Dividend	-	-	200,660,717	-	-	-	-	-
- 248,519 (-) SBI Magnum Fund - Insta Cash Fund -Liquid Floater - Regular Plan - Daily Dividend Reinvestment	-	-	250,981,470	-	-	-	-	-
- (340,179) SBI Premier Liquid Fund - Regular Plan - Weekly Dividend	-	-	361,038,249	-	-	-	-	-
- 380,054 (-) UTI Liquid Fund -Cash Plan- Institutional- Weekly Dividend	-	-	400,295,561	-	-	-	-	-
			4,076,112,730	5,174,293,728				
Quoted :								
- (7,000,000.00) units of ₹ 10/- each of DSP BlackRock FMP Series 36 - 3M Dividend	-	-	-	-	70,000,000	-	-	-
- (3,000,000.00) units of ₹ 10/- each of DSP BlackRock FMP Series 39 - 12 -M Dividend	-	-	-	-	30,000,000	-	-	-
- (5,000,000.00) units of ₹ 10/- each of IDFC Fixed Maturity Yearly - Series 61 Dividend	-	-	-	-	50,000,000	-	-	-
- (7,000,000.00) units of ₹ 10/- each of IDFC FMP Yearly Series 52 Dividend	-	-	-	-	70,000,000	-	-	-
- (2,000,000.00) units of ₹ 10/- each of Kotak FMP - Series 45 Dividend	-	-	-	-	20,000,000	-	-	-
- (3,000,000.00) units of ₹ 10/- each of Kotak FMP - Series 75 Dividend	-	-	-	-	30,000,000	-	-	-
- (2,000,000.00) units of ₹ 10/- each of Reliance Fixed Horizon Fund- XX Series 15 Div. Plan	-	-	-	-	20,000,000	-	-	-
- (5,000,000.00) units of ₹ 10/- each of Reliance Fixed Horizon Fund - XX Series 13 Div. Plan	-	-	-	-	50,000,000	-	-	-
- (5,000,000.00) units of ₹ 10/- each of Reliance Fixed Horizon Fund - XXI Series 6 Div. Plan	-	-	-	-	50,000,000	-	-	-
- (2,000,000) units of ₹ 10/- each of Religare FMP Series X Plan - E (371 Days)	-	-	-	-	20,000,000	-	-	-
- (3,000,000.00) units of ₹ 10/- each of Sundaram Interval Fund - Qtrly. Pl. Fixed Term Plan - E Div.	-	-	-	-	30,000,000	-	-	-
- (5,000,000.00) units of ₹ 10/- each of Sundaram Fixed Term Plan BK - 366 Days Div.	-	-	-	-	50,000,000	-	-	-
- (4,500,000.00) units of ₹ 10/- each of Tata Fixed Maturity Plan Series - 39 Scheme A Div.	-	-	-	-	45,000,000	-	-	-
- (5,000,000.00) units of ₹ 10/- each of Birla SunLife FMP Series - EG Div.	-	-	-	-	50,000,000	-	-	-

contd.

[in ₹]

	Nashik Silk Industries Limited		Kirloskar Oil Engines Limited		Kirloskar Pneumatic Company Limited		Kirloskar RoadRailer Limited	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
- (2,000,000.00) units of ₹ 10/- each of SBI Debt Fund Series 13 Months Div.	-	-	-	-	-	20,000,000	-	-
- (5,000,000.00) units of ₹ 10/- each of SBI Debt Fund Series 370 Days Div.	-	-	-	-	-	50,000,000	-	-
- (5,000,000.00) units of ₹ 10/- each of SBI Debt Fund Series 58-90 Days Div.	-	-	-	-	-	50,000,000	-	-
- (7,000,000.00) units of ₹ 10/- each of UTI Fixed Term Income Fund-Series IX-V (367 Days) Div.	-	-	-	-	-	70,000,000	-	-
- (3,000,000.00) units of ₹ 10/- each of UTI Fixed Term Income Fund Series IX-VI (367 Days) Div.	-	-	-	-	-	30,000,000	-	-
- (7,000,000.00) units of ₹ 10/- each of ICICI Prudential FMP Series 57-1 Year Plan A Div.	-	-	-	-	-	70,000,000	-	-
- (5,000,000.00) units of ₹ 10/- each of HDFC FMP 92 D March 12- Series XIX	-	-	-	-	-	50,000,000	-	-
- (5,000,000.00) units of ₹ 10/- each of HDFC FMP 370 D March 12- Series XIX	-	-	-	-	-	50,000,000	-	-
- (2,500,000.00) units of ₹ 10/- each of L & T FMP VI March (371 Days) Div.	-	-	-	-	-	25,000,000	-	-
- 7,000,000.00 (-) units of ₹ 10/- each of DSP BlackRock FMP Series 87-12M - Qtr Dividend	-	-	-	-	70,000,000	-	-	-
- 3,000,000.00 (-) units of ₹ 10/- each of DSP BlackRock FMP Series 94 12M Dividend	-	-	-	-	30,000,000	-	-	-
- 4,810,004.810 (-) units of ₹ 10.395 each of IDFC Dynamic Bond Fund-Regular Plan- Qtr. Dividend	-	-	-	-	50,000,000	-	-	-
- 2,000,000.00 (-) units of ₹ 10/- each of Kotak FMP Series 87 Dividend	-	-	-	-	20,000,000	-	-	-
- 3,000,000.00 (-) units of ₹ 10/- each of Kotak FMP -Series 96 Dividend	-	-	-	-	30,000,000	-	-	-
- 5,592,528.382 (-) units of ₹ 10.729 each of Kotak Bond Scheme Plan A Qtr. Dividend	-	-	-	-	60,000,000	-	-	-
- 2,696,544.378 (-) units of ₹ 14.8338 each of Reliance Dynamic Bond Fund Direct Plan Dividend	-	-	-	-	40,000,000	-	-	-
- 5,000,000.00 (-) units of ₹ 10/- each of Reliance Yearly Interval Fund Series 2 Dividend Plan	-	-	-	-	50,000,000	-	-	-
- 1,999,420.168 (-) units of ₹ 10.003 each of Religare Credit Opportunities Fund Inst Daily Dividend	-	-	-	-	20,000,000	-	-	-
- 5,000,000.00 (-) units of ₹ 10/- each of Sundaram FTP DE Dividend	-	-	-	-	50,000,000	-	-	-
- 40,376.126 (-) units of ₹ 1,114.520 each of Tata Liquid Fund Plan A Daily Dividend	-	-	-	-	45,000,000	-	-	-
- 4,345,143.433 (-) units of ₹ 11.507 each of Birla Dynamic Bond Fund Retail Qtr. Dividend	-	-	-	-	50,000,000	-	-	-
- 10,000,000.00 (-) units of ₹ 10/- each of SBI Debt Fund Series 5 - Dividend	-	-	-	-	100,000,000	-	-	-
- 2,000,000.00 (-) units of ₹ 10/- each of SBI Debt Fund Series 13	-	-	-	-	20,000,000	-	-	-
- 7,000,000.00 (-) units of ₹ 10/- each of UTI-Fixed Term Income Fund Series XII	-	-	-	-	70,000,000	-	-	-
- 3,000,000.00 (-) units of ₹ 10/- each of UTI Fixed Term Income Fund Series XIV-VII Div.	-	-	-	-	30,000,000	-	-	-
- 9,997.859 (-) units of ₹ 1,000.2141 each of UTI-Treasury Advantage Fund Inst. Plan Daily Dividend	-	-	-	-	10,000,000	-	-	-
- 7,000,000.00 (-) units of ₹ 10/- each of ICICI Prudential FMP Series 64 - Plan J	-	-	-	-	70,000,000	-	-	-
- 5,000,000.00 (-) units of ₹ 10/- each of ICICI Prudential Interval Fund Series VI Plan A	-	-	-	-	50,000,000	-	-	-
- 5,000,000.00 (-) units of ₹ 10/- each of HDFC FMP Aug 2012 (1) Dividend Series 22	-	-	-	-	50,000,000	-	-	-
- 2,500,000.00 (-) units of ₹ 10/- each of L & T FMP VI Dividend	-	-	-	-	25,000,000	-	-	-
- 5,000,000.00 (-) units of ₹ 10/- each of DWS Fixed Maturity Plan Series 24 Dividend	-	-	-	-	50,000,000	-	-	-
- 5,021,971.124 (-) units of ₹ 11.948 each of DWS Premier Bond Fund Regular Plan Qtr Dividend	-	-	-	-	60,000,000	-	-	-
	-	-	-	-	1,050,000,000	1,000,000,000	-	-
Total Current Investments :	-	-	4,076,112,730	5,174,293,728	1,050,000,000	1,000,000,000	-	-

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CONSOLIDATED FINANCIAL STATEMENTS

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Kirloskar Brothers Investments Limited ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2013, the consolidated Profit and Loss Statement and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 the Company as at March 31, 2013;
- (b) in the case of the consolidated Profit and Loss Statement, of the profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date

For M/s P. G. BHAGWAT
Chartered Accountants
Firm's Registration No.: 101118W

ABHIJEET BHAGWAT
Partner
Membership No.: 136835

Pune : 20 May 2013


CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2013

Particulars	Note No.	[in ₹]	
		Figures as at the end of current reporting year ended on March 31, 2013	Figures as at the end of previous reporting year ended on March 31, 2012
I EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	A - 1	52,887,180	52,887,180
(b) Reserves and surplus	A - 2	8,356,923,919	7,131,272,933
(c) Money received against share warrants		—	—
		<u>8,409,811,099</u>	<u>7,184,160,113</u>
2 Share application money pending allotment		—	—
3 Minority Interest			
Capital		194,029,964	198,914,322
Reserves and surplus		6,448,995,054	5,806,278,559
		<u>6,643,025,018</u>	<u>6,005,192,881</u>
4 Non-current liabilities			
(a) Long-term borrowings	A - 3	—	844,520,797
(b) Deferred tax liabilities (Net)	A - 4	342,091,837	384,477,286
(c) Other long term liabilities	A - 5	310,872,899	473,476,176
(d) Long-term provisions	A - 6	253,410,794	338,042,167
		<u>906,375,530</u>	<u>2,040,516,426</u>
5 Current liabilities			
(a) Short-term borrowings	A - 7	—	83,943,593
(b) Trade payables		3,692,074,108	3,566,414,710
(c) Other current liabilities	A - 8	1,992,567,373	2,657,107,992
(d) Short-term provisions	A - 9	1,076,955,397	1,176,120,811
		<u>6,761,596,878</u>	<u>7,483,587,106</u>
TOTAL		<u><u>22,720,808,525</u></u>	<u><u>22,713,456,526</u></u>
II ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	A - 10	6,779,456,390	6,502,157,697
(ii) Intangible assets	A - 11	179,306,314	185,206,302
(iii) Capital work-in-progress		155,415,487	109,524,811
(iv) Intangible assets under development		132,603,792	66,093,992
(b) Non-current investments		373,403,066	199,669,828
(c) Deferred tax assets (Net)	A - 4	—	—
(d) Long-term loans and advances	A - 12	725,147,538	770,399,113
(e) Other non-current assets	A - 13	271,987,097	131,460,132
		<u>8,617,319,684</u>	<u>7,964,511,875</u>
2 Current assets			
(a) Current investments		5,126,112,730	6,174,293,728
(b) Inventories	A - 14	2,609,214,376	2,143,950,709
(c) Trade receivables	A - 15	4,203,485,811	4,338,362,849
(d) Cash and bank balances	A - 16	657,684,040	637,263,446
(e) Short-term loans and advances	A - 17	1,016,024,133	649,718,137
(f) Other current assets	A - 18	490,967,751	805,355,782
		<u>14,103,488,841</u>	<u>14,748,944,651</u>
TOTAL		<u><u>22,720,808,525</u></u>	<u><u>22,713,456,526</u></u>

The Notes referred in Part A - Notes to Accounts, Part B - Significant Accounting Policies and Part C - Other Notes 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
Firm's Registration No.: 101118W

ATUL C. KIRLOSKAR
Chairman

ANIL C. KULKARNI
Executive Director

ABHIJEET BHAGWAT
Partner
Membership No.: 136835
Pune : 20 May 2013

ANIKET A. DESHPANDE
Company Secretary

CONSOLIDATED PROFIT & LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

[in ₹]

Particulars	Note No.	Figures for current reporting year ended on March 31, 2013	Figures for previous reporting year ended on March 31, 2012
I Revenue from operations	A - 19	31,548,864,444	33,262,301,891
Less: Excise Duty		<u>2,470,899,617</u>	<u>2,152,981,358</u>
		29,077,964,827	31,109,320,533
II Other income	A - 20	523,819,118	498,180,635
III Total Revenue (I + II)		29,601,783,945	31,607,501,168
IV Expenses:			
Cost of materials consumed	A - 21	16,325,542,962	16,477,848,413
Purchases of stock-in-trade	A - 22	1,323,866,583	1,046,542,953
Changes in inventories of finished goods work-in-progress and stock-in-trade	A - 23	(372,182,411)	298,155,945
Employee benefits expense	A - 24	2,352,828,376	2,465,208,536
Finance costs	A - 25	42,811,599	171,555,482
Depreciation and amortization expense	A - 26	1,040,549,122	1,033,823,144
Other expenses	A - 27	<u>5,277,756,795</u>	<u>5,725,980,778</u>
Total expenses		25,991,173,026	27,219,115,251
V Profit before exceptional and extraordinary items and tax (III - IV)		3,610,610,919	4,388,385,917
VI Exceptional items	A - 28	<u>(190,797,189)</u>	<u>477,123,476</u>
VII Profit before extraordinary items and tax (V - VI)		3,419,813,730	4,865,509,393
VIII Extraordinary Items		-	-
IX Profit before tax (VII - VIII)		3,419,813,730	4,865,509,393
X Tax expense:			
(1) Current tax		1,015,343,783	1,347,358,725
(Less) MAT Credit entitlement		<u>(3,485,000)</u>	-
Net Current Tax		<u>1,011,858,783</u>	<u>1,347,358,725</u>
(2) Deferred tax		<u>(42,385,449)</u>	45,753,978
(3) (Excess)/short provision related to earlier years		<u>(8,863,985)</u>	-
		960,609,349	1,393,112,703
XI Profit (Loss) for the period from continuing operations (IX - X)		2,459,204,381	3,472,396,690
XII Profit/(loss) from discontinuing operations		-	-
XIII Tax expense of discontinuing operations		-	-
XIV Profit/(loss) from Discontinuing operations (after tax) (XII - XIII)		-	-
XV Profit (Loss) for the period (XI + XIV)		2,459,204,381	3,472,396,690
Less : Pre Acquisition Profit		<u>20,867,044</u>	<u>523,624,364</u>
		2,438,337,337	2,948,772,326
XVI Add : Share in profits of Associate Company of a Subsidiary		23,257,347	-
XVII Less : Minority Interest	C - 3 (b)	<u>1,152,633,983</u>	<u>560,444,634</u>
XVIII Profit (Loss) for the period (XV - XVI)		1,308,960,701	2,388,327,692
XIX Earnings per equity share having nominal value of ₹ 10/- per share			
(1) Basic	C - 3 (a)	247.50	451.59
(2) Diluted	C - 3 (a)	247.50	451.59

The Notes referred in Part A - Notes to Accounts, Part B - Significant Accounting Policies and Part C -Other Notes form an integral part of the Profit & Loss Statement

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
Firm's Registration No.: 101118W

ATUL C. KIRLOSKAR
Chairman

ANIL C. KULKARNI
Executive Director

ABHIJEET BHAGWAT
Partner
Membership No.: 136835
Pune : 20 May 2013

ANIKET A. DESHPANDE
Company Secretary


CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

Particulars	[in ₹]	
	Figures for current reporting year ended on March 31, 2013	Figures for previous reporting year ended on March 31, 2012
A Cash flows from Operating Activities		
Net Profit before Taxes and Extraordinary Items	3,419,813,730	4,865,509,393
Adjustments for :-		
Depreciation / Amortization	1,040,549,122	1,033,823,144
(Profit) / Loss on assets sold, demolished, discarded and scrapped	16,926,005	12,179,928
Write down of obsolete and non moving components	(9,248,635)	30,365,384
Bad debts and irrecoverable balances written off, Net	11,632,732	13,657,939
Interest Income	(21,098,959)	(88,433,295)
Dividend Income	(410,386,677)	(310,122,592)
Interest paid on Secured / Unsecured Loans	42,811,599	171,555,482
Profit on sale of Undertaking	-	(477,123,476)
Valuation gain / (loss) in respect of Derivative Instruments	(92,785,786)	(21,516,655)
Surplus on Sale of Assets	(8,462,226)	(12,144,639)
Profit on Sale of Investment (Net)	(9,412,000)	(1,144,574,468)
Profit on sale of mutual fund investment (Net)	(4,741,590)	(219,430)
Sundry Credit Balances appropriated	(11,862,608)	(12,022,027)
Provision Written back	(70,395,825)	(173,537,209)
Provision for doubtful debts and advances	91,605,156	-
Investment written off	-	500,000
Provision for diminution in value of Investment	169,614	-
Operating Profit Before Working capital changes	3,985,113,652	3,887,897,479
Adjustments for :-		
(Increase)/decrease in Inventories	(472,962,553)	(171,332,027)
(Increase)/decrease in Trade and Other Receivables	40,043,703	1,674,654,133
(Increase)/decrease in Long term Loans and Advances	(147,090)	(65,400)
(Increase)/decrease in Short term Loans and Advances	(20,875)	(217,048)
(Increase)/decrease in other current assets	(39,414,265)	179,951,778
Increase/(decrease) in Short term Provisions	145,410	(150,741,852)
Increase/(decrease) in Other current liabilities	(181,999,739)	(127,780)
Increase/(decrease) in Trade payables	289,966,819	108,611,123
Income Tax (Paid)/Refunded	(1,063,076,597)	(1,250,273,593)
Net Cash from Operating Activities (A)	2,557,648,465	4,278,356,813

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013 (CONTD.)

Particulars	[in ₹]	
	Figures for current reporting year ended on March 31, 2013	Figures for previous reporting year ended on March 31, 2012
B Cash flows from Investing Activities		
Sale of Undertaking	–	906,200,000
Sale of Fixed Assets	11,771,114	17,494,182
Purchase of Fixed Assets	(1,396,464,078)	(1,109,087,776)
(Purchase)/Sale of Investments (Net)	789,658,447	(3,405,678,472)
Interest received	21,098,959	88,433,295
Dividend received from Associate Company of a Subsidiary	7,350,000	–
Dividend received	410,386,677	310,122,592
Net Cash from Investment Activities (B)	(156,198,881)	(3,192,516,179)
C Cash Flows from Financing Activities		
Interest paid	(32,948,838)	(47,347,681)
Proceeds from borrowing	–	83,943,593
Repayment of borrowing	(1,713,554,131)	(1,151,116,872)
Dividend & Dividend Tax paid	(479,088,914)	(491,199,661)
Payment for Shares Buy-back	(156,719,623)	–
Sale of Fractional Shares	–	2,964,001
Fractional entitlements	(6,388)	(2,087,813)
Net Cash used in Financing Activities (C)	(2,382,317,894)	(1,604,844,433)
Net Increase in Cash and Cash Equivalents (A) + (B) + (C)	19,131,690	(519,003,801)
Cash & Cash Equivalents at beginning of period (refer note A-16 (a))	622,589,909	651,510,360
Add : Cash & Cash Equivalents from acquisition of subsidiaries	–	490,083,350
Cash & Cash Equivalents at end of period (refer note A-16 (a))	641,721,599	622,589,909

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
Firm's Registration No.: 101118W

ATUL C. KIRLOSKAR
Chairman

ANIL C. KULKARNI
Executive Director

ABHIJEET BHAGWAT
Partner
Membership No.: 136835
Pune : 20 May 2013

ANIKET A. DESHPANDE
Company Secretary


PART A : CONSOLIDATED NOTES TO ACCOUNTS

[in ₹]

	Figures as at the end of current reporting year ended on March 31, 2013	Figures as at the end of previous reporting year ended on March 31, 2012
NOTE A - 1 : SHARE CAPITAL		
Authorised		
14,000,000 (14,000,000) Equity Shares of ₹ 10/- each (₹ 10/- each)	140,000,000	140,000,000
TOTAL	140,000,000	140,000,000
Issued, Subscribed And Paid-up		
5,288,718 (5,288,718) Equity Shares of ₹ 10/- each (₹ 10/- each)	52,887,180	52,887,180
TOTAL	52,887,180	52,887,180

(a) Reconciliation of Share Capital

Particulars	Figures as at the end of the current reporting year ended on March 31, 2013		Figures as at the end of the previous reporting year ended on March 31, 2012	
	No. of Shares	₹	No. of Shares	₹
Shares outstanding at the beginning of the year	5,288,718	52,887,180	5,288,718	52,887,180
Add / (Less) : Shares issued	-	-	-	-
Shares outstanding at the end of the year	5,288,718	52,887,180	5,288,718	52,887,180

(b) The Company has only one class of equity shares, having par value of ₹ 10/- per share. Each holder of equity share is entitled for one vote per share and has a right to receive dividend as recommended by the Board of Directors subject to the necessary approval from the shareholders. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the equity shareholders.

(c) For the year ended 31 March 2013, the Board of Directors have proposed dividend of ₹ 4/- per share (31 March 2012 ₹ 4/- per share).

PART A : CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)

(d) Details of shareholders holding more than 5% shares

Name of the shareholder	Figures as at the end of the current reporting year ended on March 31, 2013		Figures as at the end of the previous reporting year ended on March 31, 2012	
	No. of Shares	% of holding	No. of Shares	% of holding
Mr. Rahul Chandrakant Kirloskar	1,040,115	19.67	1,034,383	19.56
Mr. Gautam Achyut Kulkarni	1,041,468	19.69	1,035,751	19.58
Mr. Atul Chandrakant Kirloskar	1,039,631	19.66	1,033,909	19.55
TOTAL	3,121,214	59.02	3,104,043	58.69

- (e) In the financial year 2009-10, 5,288,718 aggregate no. of equity shares of Rs. 10/- each were allotted as fully paid up without payment being received in cash pursuant to Scheme of Arrangement between Kirloskar Brothers Limited and Kirloskar Brothers Investments Limited and their respective shareholders under Section 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956.

[in ₹]

Figures as at the end of current reporting year ended on March 31, 2013	Figures as at the end of previous reporting year ended on March 31, 2012
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NOTE A - 2 : RESERVES AND SURPLUS

(a) Capital Reserves :

Opening Balance	3,961,353,516	97,200,659
Add: Subsidy availed during the year	118,600,319	83,359,602
Add: Due to additional acquisition of shares in subsidiaries	(81,421,317)	3,880,821,460
Less : Due to Amalgamation of Subsidiary	-	100,028,205
Closing Balance	3,998,532,518	3,961,353,516

(b) Revaluation Reserve :

Opening balance	-	-
Add: Due to acquisition of subsidiaries	-	10,154,527
Less: Adjusted during the year	-	10,154,527
Closing balance	-	-

(c) Capital Redemption Reserve :

Opening balance	-	-
Add: Set aside this year by Subsidiary (Refer note below)	1,079,222	-
Closing balance	1,079,222	-

(d) Reserve Fund :

In terms of Section 45-IC of the Reserve Bank of India Act, 1934

Opening balance	319,605,687	57,758,481
Add: Transfer from Surplus	79,384,572	261,847,206
Closing balance	398,990,259	319,605,687


PART A : CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)

	[in ₹]	
	Figures as at the end of current reporting year ended on March 31, 2013	Figures as at the end of previous reporting year ended on March 31, 2012
(e) General Reserve :		
Opening Balance	1,323,081,387	591,979,550
Add: Due to Amalgamation of Subsidiary	—	8,375,434
Add: Transfer from Surplus	308,720,694	722,726,403
Less : Utilised for equity shares buyback (Refer note below)	81,749,671	—
Closing Balance	1,550,052,410	1,323,081,387
(f) Surplus :		
Opening Balance	1,527,232,343	520,174,877
Add: Transfer from Profit and Loss Statement	1,308,960,701	2,388,327,692
Less : Due to acquisition of subsidiaries	—	(2,472,626)
Add : Due to share in profits of Associate of a Subsidiary	59,330,813	—
Add: Write back of dividend provision on shares bought back by a Subsidiary (Refer note below)	1,352,245	—
Add: Write back of dividend tax provision on shares bought back by a Subsidiary (Refer note below)	220,887	—
Add: Due to Amalgamation of Subsidiary	—	91,652,771
Balance available for appropriation	2,897,096,989	3,002,627,966
Less: Appropriations		
Proposed dividend	21,154,872	371,315,884
Share of holding company in tax on dividend on dividend declared by Subsidiaries	79,567,341	119,506,130
Transfer to General Reserve	308,720,694	722,726,403
Transfer to Reserve Fund In terms of Section 45-IC of the Reserve Bank of India Act, 1934	79,384,572	261,847,206
Sub total	488,827,479	1,475,395,623
Closing Balance	2,408,269,510	1,527,232,343
TOTAL	8,356,923,919	7,131,272,933

Note: Pursuant to the approval of the Board of Directors in its meeting held on 25 January 2012, the Kirloskar Oil Engines Limited (KOEL) had bought back and extinguished 10,15,424 equity shares of ₹ 2/- each by way of open market purchases through stock exchange route, at an average price of ₹ 154.34 under the Buyback Scheme, upto 24 January 2013.

Capital Redemption Reserve created out of General Reserve is the share of holding company in the nominal value of shares bought back in terms of Section 77A of the Companies Act, 1956 and is included in the amount utilized for equity shares buyback.

PART A : CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)

[in ₹]

Figures as at the end of current reporting year ended on March 31, 2013	Figures as at the end of previous reporting year ended on March 31, 2012
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NOTE A - 3 : LONG TERM BORROWINGS

Secured

Term loans from banks

i) Foreign currency term loan from BNP PARIBAS	–	781,972,047
ii) Bank of India, UK	–	62,548,750
TOTAL	–	844,520,797

NOTE A - 4 : DEFERRED TAX ASSETS / (LIABILITIES) (NET)

(a) Deferred Tax Assets

i) On employees voluntary retirement schemes	51,881,572	2,125,866
ii) On provision for doubtful debts/advances	78,638,960	45,576,684
iii) Disallowances under section 43 b of Income tax	118,204,578	119,289,683
iv) Deamalgamation Expenses	6,137,844	11,201,232
v) Difference in Exchange-MTM losses on exports Options	4,420,696	30,104,348
vii) Others	–	975,256
TOTAL	259,283,650	209,273,069

(b) Deferred Tax Liabilities

i) On depreciation / amortization of fixed assets	(601,375,487)	(593,750,355)
TOTAL	(601,375,487)	(593,750,355)
NET	(342,091,837)	(384,477,286)

NOTE A - 5 : OTHER LONG TERM LIABILITIES

(a) Others

i) Deposits from customers	179,993,282	150,643,608
ii) Advance from customers	126,870,000	317,175,000
iii) Other Liabilities	4,009,617	5,657,568
TOTAL	310,872,899	473,476,176


PART A : CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)

	[in ₹]	
	Figures as at the end of current reporting year ended on March 31, 2013	Figures as at the end of previous reporting year ended on March 31, 2012
NOTE A - 6 : LONG TERM PROVISIONS		
(a) Provision for employee benefits		
i) Provision for leave encashment	137,333,466	174,384,754
ii) Provision for Pension and other Retirement	24,402,234	57,630,804
iii) Provision for Employee benefits	38,381,143	26,500,705
TOTAL	200,116,843	258,516,263
(b) Other provisions		
i) Provision for warranty	53,293,951	74,058,848
ii) MTM liabilities on derivative	-	5,467,056
TOTAL	253,410,794	338,042,167

NOTE A - 7 : SHORT TERM BORROWINGS
Secured
(a) Loans repayable on demand from banks

Packing credit foreign currency loan	-	83,943,593
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Kirloskar Oil Engines Limited's fund and non fund based working capital facilities of ₹ 310 Crores are secured by first charge by way of hypothecation on the whole of the current assets of the Company both present and future for ₹ 310 Crores and also the second charge on the whole of the movable Plant and machinery of the Company together with all its accessories, spares, tools and implements both present and future for ₹ 60 Crores, in favour of the consortium of banks (SBI Consortium) comprising of State Bank of India, Pune (Lead Bank), Bank of Maharashtra, ICICI Bank Limited, HDFC Bank Limited and The Hongkong and Shanghai Banking Corporation Limited (HSBC).

Packing credit foreign currency loan (LIBOR based) is availed from HSBC at the rate of Interest of 2.94% p.a.

TOTAL	-	83,943,593
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PART A : CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)

[in ₹]

	Figures as at the end of current reporting year ended on March 31, 2013	Figures as at the end of previous reporting year ended on March 31, 2012
NOTE A - 8 : OTHER CURRENT LIABILITIES		
(a) Current maturities of long-term debts	62,548,750	886,266,102
(b) Interest accrued and not due on borrowings	687,333	4,682,545
(c) Unpaid dividends	22,726,455	15,308,659
(d) Unpaid Fractional entitlements	869,800	876,188
(e) Advances from customers	494,308,243	333,369,727
(f) Payables for capital purchases	86,122,634	85,326,050
(g) Other payables		
i) Statutory dues including provident fund and TDS	71,636,102	51,846,101
ii) Employee benefits payable	197,399,161	235,797,551
iii) Other payables	1,056,268,895	1,043,635,069
TOTAL	1,992,567,373	2,657,107,992

NOTE A - 9 : SHORT TERM PROVISIONS

(a) Provision for employee benefits		
i) Provision for leave encashment	63,814,055	72,088,355
ii) Provision for Gratuity	18,775,620	-
iii) Provision for pension and other retirement benefits	34,958,125	46,982,390
	117,547,800	119,070,745
(b) Others		
i) MTM liabilities on derivative	-	87,318,730
ii) Provision for warranty	164,302,636	183,149,194
iii) Tax provision (Net of tax paid in advance)	215,846,518	295,760,128
iv) Proposed dividend	430,177,676	371,315,884
v) Tax on proposed dividend	149,080,767	119,506,130
TOTAL	1,076,955,397	1,176,120,811



PART A : CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)

NOTE A - 10 : TANGIBLE ASSETS

[in ₹]

	Land Freehold	Land Leasehold	Buildings	Plant & Machinery	Furniture & Fixture	Vehicles	Aircraft	Office Equipment	Computers	Electrical Installation	Lease Asset- Plant & Machinery	Total
Gross Block												
As at 01.04.2011	18,429,624	-	-	-	-	1,070,000	-	33,300	96,388	-	-	19,629,312
Additions :												
On account of acquisition of Subsidiaries	2,175,591	122,282,946	911,680,688	9,464,491,573	154,491,891	136,496,377	229,240,888	55,723,565	367,333,449	247,319,496	49,037,904	11,740,274,368
Additions during the year	5,000,000	-	129,757,775	605,593,350	19,077,981	25,397,557	146,254,542	8,477,515	33,833,404	35,743,045	-	1,009,135,169
Increase due to revaluation on 30.06.1984	-	-	-	10,154,527	-	-	-	-	-	-	-	10,154,527
Add: ECB Diff in Exchange - AS 11	-	-	-	136,776,703	-	-	-	-	-	-	-	136,776,703
Recoupment/Adjustment	-	-	154,600	-	-	-	-	-	-	-	-	154,600
Deductions :												
Hive off - Bearing Division	-	-	-	783,253,032	7,486,042	2,378,771	-	1,823,850	9,483,759	8,888,839	-	813,314,293
Deductions during the year	-	1,349,492	38,103	203,226,207	11,908,662	36,554,904	-	4,438,299	30,534,593	2,906,761	-	290,957,021
Deduction in revaluation during the year	-	-	-	10,154,527	-	-	-	-	-	-	-	10,154,527
At 31.03.2012	25,605,215	120,933,454	1,041,554,960	9,220,382,387	154,175,168	124,030,259	375,495,430	57,972,231	361,244,889	271,266,941	49,037,904	11,801,698,838
Additions :												
Additions during the year	-	-	663,976,576	442,506,891	27,949,899	30,874,689	-	15,217,206	60,185,677	42,222,287	-	1,282,933,225
Add: ECB Diff in Exchange - AS 11	-	-	-	34,053,820	-	-	-	-	-	-	-	34,053,820
Deductions :												
Deduction during the year	-	1,349,493	1,626	200,552,660	4,354,697	10,383,197	-	545,114	44,132,754	-	-	261,319,540
As at 31.03.2013	25,605,215	119,583,961	1,705,529,911	9,496,390,438	177,770,370	144,521,751	375,495,430	72,644,323	377,297,812	313,489,228	49,037,904	12,857,366,343
Accumulated Depreciation :												
As at 01.04.2011	-	-	-	-	-	241,352	-	89	21,529	-	-	262,970
Depreciation :												
On account of acquisition of Subsidiaries	-	-	154,951,283	4,331,406,870	99,909,204	96,905,454	84,181,695	31,190,844	273,624,329	71,169,365	49,037,904	5,192,376,968
For the Year	-	-	28,497,261	865,693,354	9,904,333	16,559,980	18,542,093	3,365,053	35,751,147	15,935,509	-	994,248,730
Less :												
Hive off - Bearing Division	-	-	-	580,995,807	6,580,169	2,182,338	-	1,626,718	7,363,254	4,767,465	-	603,515,751
Recoupment/Adjustment	-	-	24,842	-	-	-	-	-	-	-	-	24,842
Deductions :												
At 31.03.2012	-	-	183,390,190	202,051,837	10,655,263	33,480,772	-	4,223,020	30,534,593	2,827,938	-	283,806,934
At 01.04.2012	-	-	183,390,190	4,414,052,580	92,578,105	78,043,676	102,723,788	28,706,248	271,499,159	79,509,491	49,037,904	5,299,541,141
For the Year	-	-	32,590,917	872,994,543	11,509,441	17,425,029	25,045,545	3,709,975	37,594,443	17,234,074	-	1,018,103,967
Depreciation :												
For the Year	-	-	1,626	183,707,347	2,451,340	9,692,613	-	414,811	43,467,418	-	-	239,735,155
Deduction during the year	-	-	215,979,481	5,103,339,776	101,636,206	85,776,092	127,769,333	32,001,412	265,626,184	96,743,565	49,037,904	6,077,909,953
As at 31.03.2013	-	-	1,489,550,430	4,393,050,662	76,134,164	58,745,659	247,726,097	40,642,911	111,671,628	216,745,663	-	6,779,456,390
Net Block												
As at 31.03.2012	25,605,215	120,933,454	858,164,770	4,806,329,807	61,597,063	45,986,583	272,771,642	29,265,983	89,745,730	191,757,451	-	6,502,157,697
As at 31.03.2013	25,605,215	119,583,961	1,489,550,430	4,393,050,662	76,134,164	58,745,659	247,726,097	40,642,911	111,671,628	216,745,663	-	6,779,456,390

PART A : CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)

NOTE A - 11 : INTANGIBLE ASSETS

[in ₹]

Fixed Assets	Computer Software	Drawings & Designs	Technical Knowhow	Development expenditure	Total
Gross Block					
As at 31.03.2011	-	-	-	-	-
Additions:					
Addition on account of acquisition of Subsidiaries	113,043,368	158,104,343	148,497,955	14,300,000	433,945,666
Additions during the year	16,622,788	4,191,331	24,100,276	-	44,914,395
Deductions:					
Hive off - Bearing Division	2,843,395	46,881,869	-	-	49,725,264
Deductions during the year	-	-	-	-	-
As at 31.03.2012	126,822,761	115,413,805	172,598,231	14,300,000	429,134,797
Additions:					
Additions during the year	15,195,675	-	-	-	15,195,675
Deductions:					
Deductions during the year	-	-	-	-	-
As at 31.03.2013	142,018,436	115,413,805	172,598,231	14,300,000	444,330,472
Accumulated Depreciation:					
As at 31.03.2011	-	-	-	-	-
Depreciation:					
On account of Acquisition of Subsidiaries	69,169,882	141,498,236	16,571,550	10,468,398	237,708,066
For the Year	24,077,883	1,343,340	9,036,209	3,767,490	38,224,922
Less:					
Hive off - Bearing Division	441,870	31,562,623	-	-	32,004,493
Deductions:					
	-	-	-	-	-
At 31.03.2012	92,805,895	111,278,953	25,607,759	14,235,888	243,928,495
At 01.04.2012	92,805,895	111,278,953	25,607,759	14,235,888	243,928,495
Depreciation:					
On account of acquisition of Subsidiaries	-	-	-	-	-
For the Year	15,205,390	445,119	5,381,042	64,112	21,095,663
As at 31.03.2013	108,011,285	111,724,072	30,988,801	14,300,000	265,024,158
Net Block					
As at 31.03.2012	34,016,865	4,134,852	146,990,471	64,113	185,206,302
As at 31.03.2013	34,007,151	3,689,733	141,609,430	-	179,306,314


PART A : CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)

	[in ₹]	
	Figures as at the end of current reporting year ended on March 31, 2013	Figures as at the end of previous reporting year ended on March 31, 2012
NOTE A - 12 : LONG TERM LOANS AND ADVANCES		
(a) Capital advances		
Unsecured, considered good	41,513,282	55,578,584
(b) Security deposits		
Unsecured, considered good	217,592,068	194,479,596
(c) Loans and advances to suppliers		
Unsecured, considered good	28,236,878	56,799,542
Doubtful	2,007,095	1,307,584
Less : Provision	2,007,095	1,307,584
	-	-
(d) Loans to employees		
Unsecured, considered good	37,317,497	59,117,808
(e) Other loans and advances		
i) Advance to Employees Group Superannuation Trust	41,000	41,000
ii) Tax paid in advance (net of provision for tax)	400,446,813	404,382,583
TOTAL	725,147,538	770,399,113

NOTE A - 13 : OTHER NON CURRENT ASSETS

(a) Long term trade receivables		
i) Doubtful	245,452,501	168,939,570
Less: Provision for doubtful receivables	231,379,321	140,473,675
	14,073,180	28,465,895
(b) Others		
i) Subsidy receivable for setting up Kagal plant	216,873,673	27,458,959
ii) Derivative asset	-	51,442,556
iii) Other bank balances (Deposits with maturity of more than 12 months)	115,000	115,000
iv) Deposits with Post, Railways and Others	120,150	120,150
v) Inventories	40,805,094	23,857,572
TOTAL	271,987,097	131,460,132

PART A : CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)

[in ₹]

	Figures as at the end of current reporting year ended on March 31, 2013	Figures as at the end of previous reporting year ended on March 31, 2012
NOTE A - 14 : INVENTORIES		
(a) Raw Materials	1,472,373,081	1,425,415,635
– Raw Materials in transit	70,618,861	15,285,672
(b) Work-in-progress	496,255,071	284,828,103
(c) Finished goods	427,863,660	260,533,968
(d) Stores and spares	142,103,703	157,887,331
TOTAL	<u><u>2,609,214,376</u></u>	<u><u>2,143,950,709</u></u>

NOTE A - 15 : TRADE RECEIVABLES

(i) Trade receivables outstanding for a period exceeding six months from due date		
Unsecured, considered good	139,168,107	326,679,161
(ii) Trade receivables outstanding for a period less than six months from due date		
Unsecured, considered good	4,064,317,704	4,011,683,688
TOTAL	<u><u>4,203,485,811</u></u>	<u><u>4,338,362,849</u></u>

NOTE A - 16 : CASH AND BANK BALANCES

(a) Cash & Cash Equivalents		
i) Cash on hand	1,161,132	1,771,105
ii) Balance with Bank	616,969,792	604,637,677
iii) Earmarked balances with Banks		
Unpaid dividend accounts	22,720,875	15,304,939
Unpaid fractional entitlement account	869,800	876,188
	<u>641,721,599</u>	<u>622,589,909</u>
(b) Other bank balances		
Deposits with original maturity of more than 3 months but less than 12 months	15,962,441	14,673,537
TOTAL	<u><u>657,684,040</u></u>	<u><u>637,263,446</u></u>



PART A : CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)

	[in ₹]	
	Figures as at the end of current reporting year ended on March 31, 2013	Figures as at the end of previous reporting year ended on March 31, 2012
NOTE A - 17 : SHORT TERM LOANS AND ADVANCES		
(a) Others		
(i) Loans and advance to suppliers		
Unsecured, considered good	244,793,317	163,068,630
(ii) Loans and advance to employees		
Unsecured, considered good	14,865,156	18,155,385
(iii) Other loans & advances		
Unsecured, considered good	102,208,751	120,256,371
(iv) Balance with collectorate of central excise and custom	53,904,998	60,991,314
(v) Sales tax / VAT / Service tax receivable (net)	577,730,328	287,207,723
(vi) Tax paid in advance	22,495,338	-
(vii) Provision for Gratuity	-	29,344
(viii) Others	26,245	9,370
TOTAL	1,016,024,133	649,718,137

NOTE A - 18 : OTHER CURRENT ASSETS

i) Export incentive receivable	46,209,892	57,031,915
ii) Accrued Interest on Fixed Deposits with bank	12,423,071	166,177
iii) Sundry Deposits	4,011,332	2,382,740
iv) Balances with Central Excise	25,193,793	8,730,012
v) Taxes paid in Advance (Net of provision for tax)	244,151,935	282,843,320
vi) Income receivable	2,269,931	9,524,834
vii) Derivative asset	-	35,096,847
viii) Subsidy receivable for setting up Kagal plant	156,691,471	406,695,770
ix) Others	16,326	2,884,167
TOTAL	490,967,751	805,355,782

PART A : CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)

[in ₹]

	Figures for current reporting year ended on March 31, 2013	Figures for previous reporting year ended on March 31, 2012
NOTE A - 19 : REVENUE FROM OPERATIONS		
(a) Sale of products (gross)	30,011,271,466	30,001,622,079
Less : Excise duty	2,470,899,617	2,152,981,358
	<u>27,540,371,849</u>	<u>27,848,640,721</u>
(b) Works Contract Sale	21,384,678	380,523,696
(c) Sales of services	1,111,542,935	1,188,615,074
(d) Interest Income		
i) On Fixed deposits with bank	23,603,258	37,926,858
(e) Profit on sale of non current Investments	-	1,144,574,468
(f) Dividend Income from Long Term Investments		
i) From other companies	4,335,235	4,268,667
(g) Other operating revenue		
i) Sale of scrap	124,584,637	141,916,206
ii) Cash discount received	18,474,698	19,603,106
iii) Commission received	74,602,182	67,652,358
iv) Export incentives	67,809,771	71,707,360
v) Refund of sales tax, octroi etc	1,827,876	8,350,144
vi) Sundry credit balances appropriated	6,364,421	7,920,215
vii) Provisions no longer required written back	70,093,409	168,476,127
viii) Miscellaneous receipts	12,969,878	19,145,533
TOTAL	<u><u>29,077,964,827</u></u>	<u><u>31,109,320,533</u></u>

NOTE A - 20 : OTHER INCOME

(a) Interest Income		
(i) On income tax refund	7,770,427	46,150,221
(ii) On others	13,328,532	42,283,074
(b) Dividend	410,386,677	310,122,592
(c) Profit on Sale of Mutual Fund investments (Net)	14,153,590	219,430
(d) Surplus on sale of assets	8,462,226	12,144,639
(e) Bad debts / Liquidated damages recovered	297,633	4,520,197
(f) Insurance Claim Received	1,666,450	203,195
(g) Refund of Income Tax	-	8,131,876
(h) Sundry Credit balances appropriated	5,498,187	4,101,812
(i) Miscellaneous Receipts	61,952,980	65,623,692
(j) Other non operating income	302,416	4,679,907
Provision written back		
TOTAL	<u><u>523,819,118</u></u>	<u><u>498,180,635</u></u>


PART A : CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)

	Figures for current reporting year ended on March 31, 2013	Figures for previous reporting year ended on March 31, 2012
[in ₹]		
NOTE A - 21 : COST OF MATERIAL CONSUMED		
(a) Opening stocks	1,448,871,817	1,229,960,449
Less : Value of obsolete and non-moving material written-down (net of realisable value)	(9,248,635)	30,365,384
Add : Purchases	16,080,432,896	16,339,942,325
	17,538,553,348	17,539,537,390
Less : Closing stock	1,512,511,246	1,448,871,817
	16,026,042,102	16,090,665,573
(b) Freight, octroi and entry tax	308,749,495	356,817,456
(c) Write-down of obsolete and non-moving material	(9,248,635)	30,365,384
TOTAL	16,325,542,962	16,477,848,413
NOTE A - 22 : PURCHASES OF STOCK-IN-TRADE		
Finished goods purchases for resale	1,323,866,583	1,046,542,953
TOTAL	1,323,866,583	1,046,542,953
NOTE A - 23 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Opening Stock		
Work-in- progress	285,229,494	651,120,894
Finished goods	260,533,968	181,286,977
	545,763,462	832,407,871
Closing Stock		
Work-In- Progress	496,921,999	285,229,494
Finished Goods	427,863,660	260,533,968
	924,785,659	545,763,462
Increase/(decrease) in excise duty of finished goods	6,839,788	11,511,536
TOTAL	(372,182,411)	298,155,945

PART A : CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)

[in ₹]

	Figures for current reporting year ended on March 31, 2013	Figures for previous reporting year ended on March 31, 2012
NOTE A - 24 : EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	1,890,111,084	1,956,504,562
Incentives	27,419,839	26,784,980
Contribution to provident fund and E.S.I.	195,015,393	207,589,170
Welfare expenses	240,282,060	274,329,824
TOTAL	2,352,828,376	2,465,208,536

NOTE A - 25 : FINANCE COST

Interest expense	33,731,754	51,672,417
Other borrowing costs	9,079,845	5,090,627
Applicable net gain/loss on foreign currency transactions and translation	–	114,792,438
TOTAL	42,811,599	171,555,482

NOTE A - 26 : DEPRECIATION AND AMORTIZATION

(a) Depreciation		
Tangible assets	1,018,103,967	994,248,730
Intangible assets	21,095,663	38,224,922
(b) Amount written off against leasehold land		
	1,349,492	1,349,492
TOTAL	1,040,549,122	1,033,823,144


PART A : CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)

[in ₹]

	Figures for current reporting year ended on March 31, 2013	Figures for previous reporting year ended on March 31, 2012
NOTE A - 27 : OTHER EXPENSES		
(a) Manufacturing Expenses		
Stores consumed	789,446,273	897,371,912
Power and fuel	307,288,054	348,899,683
Machinery spares	71,230,367	93,034,589
Repairs to machinery	86,354,883	71,256,060
Job work charges	173,006,061	242,620,587
Labour charges	110,419,008	102,200,305
Cost of services	737,006,372	832,255,763
Others manufacturing expenses	278,676,096	277,760,116
(b) Selling Expenses		
Commission	222,105,014	238,995,150
Freight and forwarding	338,367,991	423,243,166
Excise Duty (Net)	17,377,527	4,632,274
Sales Tax	2,323,936	2,684,213
Sales warranty claims	290,828,312	294,491,536
Royalty, technical and license fees etc.	74,377,740	108,640,663
Advertisement and publicity	60,230,212	92,961,453
Provision for doubtful debts and advances (Net)	91,605,156	-
Other selling expenses	115,568,680	37,074,366
(c) Administration Expenses		
Rent	273,188,208	271,809,460
Rates and taxes	9,807,575	9,135,243
Insurance	10,311,458	12,608,319
Repairs to building	51,464,867	103,480,461
Other repairs and maintenance	209,234,022	233,681,198
Travelling and conveyance	218,548,970	228,559,097
Vehicle expenses	18,565,226	17,338,660
Communication expenses	48,692,268	52,919,414
Printing and publication	22,322,473	29,983,446
Legal and professional fees	137,617,314	161,796,120
Auditor's remuneration	6,014,936	5,879,217
Donations	45,372,955	42,843,323
Directors Fees	4,483,553	6,377,374
Director's Commission	300,000	400,000
Director's Remuneration - Salary	59,120,000	24,410,323
Bank charges	19,865,689	23,629,867
Investments written off	-	500,000
Loss on assets sold, demolished, discarded and scrapped	16,926,005	12,179,928
Bad debts and irrecoverable balances written off	11,632,732	13,657,939
Liquidated Damages	89,520,929	128,255,129
Expenses capitalised	(12,462,750)	(7,511,149)
Other / Miscellaneous expenses	271,018,683	285,925,573
TOTAL	5,277,756,795	5,725,980,778

PART A : CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)

	[in ₹]	
	Figures for current reporting year ended on March 31, 2013	Figures for previous reporting year ended on March 31, 2012
NOTE A - 28 : EXCEPTIONAL ITEMS		
Profit on sale of Bearings business	-	477,123,476
Exceptional Expenses		
Voluntary Retirement Scheme (VRS) to Team Members	(190,797,189)	-
TOTAL	(190,797,189)	477,123,476

PART B: CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

NOTE B - 1 : PRINCIPLES OF CONSOLIDATION

Principle of 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 value of like items of assets, liabilities, income and expenses after fully eliminating intra-group transactions and the unrealized 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 as per the table mentioned below :

Name of the Company	Country of Incorporation	Proportion of Ownership Interest of KBIL	Reporting Date
Nashik Silk Industries Limited (NSIL)	India	100%	31.03.2013
Kirloskar Oil Engines Limited (KOEL)	India	53.14%	31.03.2013
Kirloskar Pneumatic Company Limited (KPC)	India	54.45%	31.03.2013
Kirloskar Roadrailer Limited (KRL)	India	100% subsidiary of KPC	31.03.2013

The excess of cost to the Company of its investment in the subsidiary company over the parent's portion of the equity is recognized 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.

NOTE B - 2 : OTHER ACCOUNTING POLICIES

They are set out in Part B: Significant Accounting policies of the parent Company – Kirloskar Brothers Investments Limited

NOTE B - 3 : ACCOUNTING POLICIES OTHER THAN THOSE ADOPTED BY THE PARENT COMPANY FOR THE CONSOLIDATION OF FINANCIAL STATEMENTS

(A) Kirloskar Oil Engines Limited

(i) Fixed Assets

- a. Tangible Fixed assets, other than Leasehold Land, are stated at cost of acquisition or construction less accumulated depreciation. Leasehold land is valued at cost less amount written off up to the balance sheet date. Cost includes the purchase price and all other attributable costs incurred for bringing the asset to its working condition for intended use.


PART B: CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

- b. Expenditure on New Projects and Expenditure during Construction :
- In case of new projects, expenditure incurred including interest on borrowings and financing costs of specific loans, prior to commencement of commercial production is capitalized and included in the cost of assets.
- c. Capital work-in-progress comprises cost of fixed assets that are not yet installed and ready for their intended use at the balance sheet date.
- d. Intangible assets are recorded at the consideration paid for acquisition. Expenditure incurred on development phase, where it is reasonably certain that the outcome of development will be commercially exploited to yield future economic benefits to the Company, is considered as an intangible asset. Such developmental expenditure is capitalized at cost including a share of allocable expenses.
- e. Own manufactured assets are capitalised at cost including an appropriate share of allocable expenses.

(ii) Depreciation and Amortization

Depreciation is charged on the assets as follows:

Sr.	Particulars of Asset*	Depreciation Method	Depreciation Rate @ \$	Basis for charging Depreciation
01	Land Freehold	N.A.	-	Asset is not depreciated
02	Land Leasehold	Straight Line Method (SLM)	Amortised over lease period	
03	Buildings (other than factory buildings)	SLM	1.63%	Rate prescribed under Schedule XIV to the Companies Act, 1956
04	Factory Buildings	SLM	3.34%	
05	Buildings (temporary structures)	SLM	100%	
06	Plant & Equipment (other than Patterns & Tooling Equipment) #	SLM	10.34%	Rate prescribed for 3 shift basis under Schedule XIV to the Companies Act, 1956
07	Plant & Equipment – Patterns & Tooling Equipment	SLM	25%	Estimated useful life of the asset
08	Furniture & Fixture	SLM	Range from 10% to 25%	
09	Vehicles	SLM	20%	
10	Aircraft	SLM	6.67%	
11	Office Equipment	SLM	12.50%	
12	Computers	SLM	Range from 20% to 33.33%	
13	Electrical Installations	SLM	6.67%	
14	Intangible Assets	SLM	Range from 10% to 33.33%	

* Jigs and Fixtures, Dies and Patterns costing below ₹ 1 lac and other fixed assets costing below ₹ 5,000/- are charged to revenue in the year of acquisition.

@ Depreciation on additions is provided from the beginning of the month in which the asset is added

\$ Depreciation on assets sold, discarded or demolished during the year is being provided at their respective rates on pro-rata basis up to the end of the month prior to the month in which such assets are sold, discarded or demolished.

Foreign exchange fluctuations gain / loss on imported plant and equipment is capitalized in the cost of the respective fixed asset. Depreciation on such additions is provided over the remaining useful life of the underlying plant and equipment.

PART B: CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(iii) Inventories

- a. Stores and spares, raw materials and components are valued at cost or net realizable value whichever is lower. Cost includes all cost of purchase and incidental expenses incurred in bringing the inventories to their present location and condition. Cost is ascertained using weighted average method.
- b. Work-in-process including finished components and finished goods are valued at cost or realisable value whichever is lower. Cost includes direct materials, labour costs and a proportion of manufacturing overheads based on the normal operating capacity. Finished goods lying in the factory premises, branches and depots are valued inclusive of excise duty.
- c. Materials-in-transit and materials in bonded warehouse are valued at actual cost up to the date of balance sheet.
- d. Unserviceable, damaged and obsolete inventory is valued at cost or net realisable value whichever is lower.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(iv) Foreign Currency Transactions

a. Initial Recognition

Foreign currency transactions are recorded in Indian currency, by applying to the foreign currency amount the exchange rate between the Indian currency and the foreign currency at the date of the transaction.

b. Conversion

Current assets and current liabilities, Secured Loans, being monetary items, designated in foreign currencies are revalored at the rate prevailing on the date of Balance Sheet or forward contract rate or other appropriate rate.

c. Exchange Differences

Exchange differences arising on the settlement and conversion of foreign currency transactions are recognised as income or as expenses in the year in which they arise, except in cases where they relate to the acquisition of qualifying assets, in which cases they are adjusted in the cost of the corresponding asset. Further, as per Ministry of Corporate Affairs Notification dated 31 March 2009, as amended vide G.S.R. 378(E) dated 11 May 2011, and the clarification provided vide Ministry of Corporate Affairs circular 25/2012 dated 9 August 2012, eligible exchange difference on foreign currency loans utilized for acquisition of assets, up to 31st March, 2013, is adjusted in the cost of the asset to be depreciated over the balance life of the asset.

d. Forward Contracts

Company uses foreign exchange forward contracts to hedge its exposure against movements in foreign exchange rates. The use of foreign exchange forward contracts is intended to reduce the risk or cost to the Company. Foreign Exchange forward contracts are not used for trading or speculation purpose. Mark to Market Losses or Gains are recognized in the profit and loss account subject to (c) above. However, Mark to Market Losses or Gains on instruments to hedge highly probable forecast transactions which serve as effective hedges, as determined under the accounting standard 30, are accumulated in the Hedge reserve until the underlying transaction occurs upon which the respective accumulated balances are recognized in the profit and loss account.

In respect of foreign exchange forward contracts, difference between forward contract rate and exchange rate (Spot rate) prevailing on the date of forward contract (i.e. forward premium / discount) is amortised as income or expense over the life of the contract, subject to (c) above.

e. Option Contracts

Company uses foreign exchange option contracts to hedge its exposure against movements in foreign exchange rates. The use of foreign exchange option contracts reduces the risk or cost to the Company. Foreign Exchange option contracts are not used for trading or speculation purpose.



PART B: CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Outstanding foreign exchange option contracts on the date of Balance Sheet are marked to market (MTM). MTM losses or gains, if any, are recognized in the Profit and Loss account subject to (c) above. However, in respect of instruments to hedge highly probable forecast transactions which serve as effective hedges as determined under the accounting standard 30, the gains and losses are accumulated in the Hedge reserve until the underlying transaction occurs upon which the respective accumulated balances are recognized in the profit and loss account.

(v) Employee Benefits

a. Short Term Employee Benefits:

All employee benefits payable within twelve months of rendering the service are classified as short term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, awards, exgratia, performance pay etc. and the same are recognised in the period in which the employee renders the related service.

b. Post-Employment Benefits:

i. Defined Contribution Plans:

The Company's approved superannuation schemes, state government provident fund scheme, employee state insurance 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. The Company also makes specified monthly contributions towards employee provident fund to a Trust administered by the company.

The minimum interest payable by the trust to the beneficiaries every year is being notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate, which is recognized as a cost as and when determined.

ii. Defined Benefit Plans:

The employee's gratuity fund scheme, long term compensated absences, pension, post-retirement medical and long term service award benefit schemes are Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on the net basis.

In the case of Funded Gratuity liability, amount due to the fund within 12 months is treated as current liability. In the case of pension, post-retirement medical benefit and Long term service award benefit scheme the amount expected to be paid / expected to settle within next 12 months is treated as current and balance amount is treated as non-current. In the case of Long Term Compensated absence the determination of current and noncurrent liability is based on unconditional right to defer its settlement in next 12 months from the reporting date and other factors such as Attrition rate, retirement in next 12 months.

iii. Termination Benefits:

Termination benefits such as compensation under voluntary retirement scheme are recognised in the year in which termination benefits become payable.

(vi) Warranty

Product warranty provision is estimated on the basis of past experience, and is accrued in the year of sale.

(vii) Research and Development

Capital expenditure incurred on research & development is capitalized as fixed assets. Revenue expenditure for carrying out the research activity is charged to the Profit and Loss Account in the year in which it is incurred.

Expenditure incurred on development phase, where it is reasonably certain that the outcome of development will be commercially exploited to yield future economic benefits to the Company, is considered as an intangible asset.

PART B: CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(viii) Revenue Recognition

- a. Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with their delivery to the buyer. Sales are stated net of discounts, rebates and returns.
- b. Export sales are accounted on the basis of the dates of "Shipped on Board" Bill of Lading, other delivery documents as per contract.
- c. Export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim is fulfilled.
- d. Income from services is recognized on completion of services as per the terms of specific contracts.
- e. Profit / loss on sale of investments is recognized on the contract date.

(ix) Government Grant

Grants and subsidies from the government are recognized if the following conditions are satisfied,

- There is reasonable assurance that the Company will comply with the conditions attached to it.
- Such benefits are earned and reasonable certainty exists of the collection.

Government grants or subsidies given with reference to the total investment in an undertaking or setting up of new industrial undertaking is treated as capital receipt and credited to capital reserve. The said capital reserve will not be available for distribution of dividend nor it is considered as deferred income.

(x) Borrowing Cost

Borrowing Costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized till the month in which the asset is ready to use, as part of the cost of that asset. Other borrowing costs are recognized as expenses in the period in which these are incurred.

(xi) Segment Reporting

a. Identification of Segments

The Company's operating business predominantly relates to manufacture of internal combustion engines, gensets and parts thereof (Engine Business Segment) used for various applications such as Agriculture, Industrial, Stationery Power Plants, Construction Equipment, etc.

b. Intersegment Transfers

The Company generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices.

c. Allocation of common costs

Common allocable costs are allocated to the Engine Segment according to the sales of each segment to the total sales of the Company.

d. Unallocated items

Corporate assets and liabilities, income and expenses which relate to the Company as a whole and are not allocable to segments, are included under unallocated items.

(xii) Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication due to internal or external factors that an asset or a group of assets comprising a Cash Generating Unit (CGU) may be impaired. If any such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount of the assets or the recoverable amount (economic value in use) of the CGU to which the asset belongs is less than the carrying amount of the assets or the CGU as the case may be, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognized in the profit and loss account. If at any subsequent balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at recoverable amount subject to a maximum of depreciated historical cost and is accordingly reversed in the profit and loss account.

**PART B: CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****(B) Kirloskar Pneumatic Company Limited****(i) System of Accounting**

- (a) Insurance Claims are recognised upon acceptance of claim by the Insurance Companies.
- (b) Estimates and assumptions used in the preparation of the Financial Statements are based Upon Management's evaluation of the relevant facts and circumstances as of the date of the financial statement which may differ from the actual results at a subsequent date.

(ii) Tangible Assets

Tangible assets are carried at cost of acquisition or construction or at manufacturing cost in case of Company manufactured assets, less accumulated depreciation (except Freehold Land).

(iii) Depreciation on Assets (other than Freehold Land)

On Plant and Machinery given on Lease :

Depreciation on Plant and Machinery given on Lease is being provided at the rates worked on Straight Line Method over the primary period of Lease Agreement or at the rate specified in Schedule XIV to the Companies Act, 1956, whichever is higher, on pro-rata basis.

Asset	Primary Lease Period	Rate on Straight Line Method	
		Over the primary Period of Lease	As specified in Schedule XIV
Plant and Machinery	8 years	12.50%	10.34%
Plant and Machinery	5 years	20.00%	10.34%

Depreciation on Assets:

- a. Depreciation on Additions to the Fixed Assets up to 31st March, 1961, is being provided on "Written Down Value" Method in accordance with the Provisions of Section 205(2)(a) of the Companies Act, 1956, at the rates specified in Schedule No. XIV to the said Act.
- b. Depreciation on Additions to Assets from 1st April, 1961 to 30th September, 1987, is being provided for on Straight Line basis in accordance with the provisions of Section 205(2)(b) of the Companies Act, 1956, pursuant to Circular No. 1/1/86/CLV No. 15-(50)84 CL VI dated 21st May, 1986, issued by the Department of Company Affairs, at the rates corresponding to the rates (inclusive of multiple shift allowance) applicable under the Income Tax Rules 1962 as in force at the time of acquisition / installation and on Additions on or after 1st October, 1987, on the same basis at the rates specified in Schedule No. XIV to the Companies Act, 1956.
- c. Depreciation on assets of erstwhile Faridabad unit has been charged on Straight Line Method as per rates prescribed by Schedule XIV to the Companies Act, 1956. Depreciation on additions made after 16th December, 1993, has been charged on Straight Line Method at the revised rates as prescribed in Schedule XIV to the Companies Act, 1956 and substituted by Notification GSR No. 756 (E) dated 16th December, 1993, of the Department of Company Affairs, Government of India.
- d. Depreciation on Additions to Fixed Assets is being provided on pro-rata basis from the month of acquisition or installation of the said Asset, as required by Schedule XIV to the Companies Act, 1956.
- e. Depreciation on Additions to Vehicle is being provided on pro-rata basis from the month of acquisition over a period of five years, being the estimated useful life of the asset.
- f. Depreciation on Additions, on account of increase in rupee value due to Foreign Exchange fluctuations, is being provided at the rates of depreciation over the future life of said assets.
- g. Depreciation on Assets sold, discarded or demolished during the year is being provided at their respective rates up to the month in which such Assets are sold, discarded or demolished.

PART B: CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Intangible assets:

Expenditure on acquiring Technical Know-how (intangible asset) is being amortised equally over a period of five years or usage period whichever is lesser, after commencement of commercial production. Depreciation on Additions to Software is being provided on pro-rata basis from the month of installation, over a period of one year.

In accordance with the Accounting Standard 26, "Intangible Assets" expenditure on Technical Know-how on Project under implementation is amortized on commencement of commercial production. Expenditure on Technical Know-how, in respect of which commercial production has been started, is amortised over a period of three years based on its usage.

(iv) Inventories

Cost of inventories have been computed to include all costs of Purchase, Cost of Conversion and other costs incurred in bringing inventories to their present location and condition.

- a. The Stocks of Raw Materials and Components, Stores and Spares are valued at cost calculated on Weighted Average basis.
- b. The Stocks of Work-in-Progress (including factory-made components) and Finished Goods are valued on the basis of Full Absorption Cost of attributable factory overheads or net realisable value, whichever is lower.
- c. Goods in Transit are stated at actual cost to the date of Balance Sheet.
- d. Jigs & Fixtures, Patterns and Dies are valued at Full Absorption Cost of attributable factory overheads and written off equally, over an estimated effective life of three years.
- e. Unserviceable and Obsolete Raw Materials are valued at an estimated realisable value.
- f. Imported Materials lying in Bonded Warehouse, are valued at cost to the date of Balance Sheet.
- g. Excise / Customs Duty :

Excise Duty on Finished Goods and Customs Duty on imported materials are accounted on production of Finished Goods / Receipt of materials in Customs Bonded Warehouse.

(v) Foreign Currency Conversion :

- a. Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

- b. Conversion

Current assets and current liabilities, Secured Loans designated in foreign currencies are revalored at the rate prevailing on the date of Balance Sheet.

- c. Exchange Differences

Exchange differences arising on the settlement and conversion on foreign currency transactions are recognised as income or as expenses in the year in which they arise, except in cases where they relate to the acquisition of qualifying assets, in which they are adjusted in the cost of the corresponding asset. Further, as per Ministry of Corporate Affairs Notification dated 31st March 2009, eligible exchange difference on foreign currency loans is adjusted in the cost of the asset to be depreciated over the balance life of the asset. (For change and effect see Note no. 29)

- d. Forward Contracts

Company uses foreign exchange forward contracts to hedge its exposure against movements in foreign exchange rates. The use of foreign exchange forward contracts reduces the risk or cost to the Company. Foreign Exchange forward contracts are not used for trading or speculation purpose.

In respect of foreign exchange forward contracts, difference between forward contract rate and exchange rate prevailing on the date of forward contract (i.e. forward premium / discount) is amortised as income or expense over the life of the contract, except in respect of the liabilities for the acquisition of qualifying assets, where such amortization is adjusted in the cost of the corresponding asset.

**PART B: CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****(vi) Borrowing Cost :**

Borrowing cost directly attributable to the acquisition / construction or production of qualifying asset are capitalised in the month in which the said asset is ready to use, as part of the cost of that asset. Other borrowing costs are recognised as expense in the period in which these are incurred.

(vii) Sales :

(i) Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with the delivery to customers. Sales are stated net of discounts, rebates, returns etc.

(ii) Export Sales are accounted for on the basis of dates of Bills of Lading.

(iii) Construction Contract Sales :

In respect of Construction Contracts undertaken by the Company, the expenditure to the date of Balance Sheet on incomplete contracts wherein profit cannot be estimated reliably, is recognised as sales to the extent recoverable from the customer.

(viii) Employee Benefits :

(A) Short term Employee Benefits :

All employee benefits payable within twelve months of rendering of the service are classified as short-term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, awards, ex gratia etc. and are recognised in the period in which the employee renders the related service.

(B) Post Employment Benefits ;

(i) Defined Contribution Plans :

The Company's approved superannuation scheme, State government provident fund scheme and employee state insurance scheme are defined contribution plans. The contribution paid / payable under the scheme is recognised during the period in which the employee renders the related service.

(ii) Defined Benefits Plans:

The employee's gratuity fund scheme, long term compensated absences are company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation using the Projected unit Credit Method, as at the date of the balance Sheet.

(iii) In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plan.

(iv) Termination benefits are recognised as an expense as and when incurred.

(ix) Segment Reporting :

1. Segments have been identified in line with the Accounting standard, AS-17 "Segment Reporting" (AS -17), taking in to account the organisation structure as well as the differing risks and returns.

2. Company has disclosed Business Segment as the primary segment.

3. Composition of Business Segment

Name of the Segment :**Comprises of :**

a) Compression Systems

Air and Gas Compressors, Airconditioning and Refrigeration Compressors and Systems etc.

b) Transmission Equipments

Power Transmission Equipments (Torque Converter), Reverse Reduction Gears for Marine Gear Engines, Industrial and Mobile application etc.

4. The Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segment and amounts allocated on reasonable basis

5. The Accounting Policies of the Segments are the same as those described in the Significant Accounting Policy as referred in Note 48 to the Financial Statement.

(x) Effects of changes in foreign exchange rates :

The company, in terms of Notification issued by Ministry of Corporate Affairs on 31st March, 2009, had exercised the option of implementing the provisions of newly inserted Paragraph 46 of Accounting Standard 11, 'Accounting for the Effects of Changes in Foreign Exchange Rates', prescribed by Companies (Accounting Standards) Amendment Rules, 2009 . The Company had outstanding long term foreign currency loan which was categorized as Long Term Foreign Currency Monetary Item as referred in the said notification. Outstanding foreign currency loan is stated at the rate at which it is fully swapped and therefore no effects of change in foreign exchange rates are required to be considered.

PART C : CONSOLIDATED OTHER NOTES

NOTE C - 1

During the year the Company has acquired additional equity shares of the following subsidiary companies -

Name of the Company	Additional shares acquired during the year
Kirloskar Oil Engines Limited	885,295
Kirloskar Pneumatic Company Limited	108,292

NOTE C - 2

Notes to these consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated positions of the companies. Recognising this purpose, the company has disclosed only such notes from the individual financial statements, which;

- are necessary for representing true and fair view of the Consolidated Financial Statements and
- notes involving items which are considered to be material.

NOTE C - 3 : EARNING PER SHARE

	[in ₹]	
a. Basic and Diluted	2012-2013	2011-2012
Profit for the year before tax	3,419,813,730	4,865,509,393
Less : Attributable tax thereto	960,609,349	1,393,112,703
Profit after tax	2,459,204,381	3,472,396,690
Less : Preacquisition profit	20,867,044	523,624,364
Add : Share in profit of Associate Company of a Subsidiary	23,257,347	-
Less : Minority interest	1,152,633,983	560,444,634
Post acquisition profit for the year	1,308,960,701	2,388,327,692
Total Number of equity shares at the end of the year used as denominator	5,288,718	5,288,718
Basic and Diluted earning per share of nominal value of ₹ 10/- each	247.50	451.59

- b.** During the Previous Year ended 31 March 2012 share of Minority amounting to ₹ 406,967,275/- in Dividend and Dividend Distribution Tax thereon proposed by the Subsidiary Companies was shown as appropriation out of Holding Company's surplus in "Reserves and Surplus" of the Consolidated Balance Sheet. During the Current Year ended 31 March 2013 such share of Minority is included in Minority Interest in the Consolidated Profit and Loss Statement. Had this treatment been followed in the Previous Year, Minority Interest in Consolidated Profit and Loss Statement would have been ₹ 967,411,909/- against ₹ 560,444,634/-. Consequently, EPS would have been ₹ 374.64 instead of ₹ 451.59. However the respective Share in Reserves and Surplus of the Holding Company and Minority remains unchanged.

**PART C : CONSOLIDATED OTHER NOTES (CONTD.)****NOTE C -4 : CAPITAL AND OTHER COMMITMENTS**

	<u>2012-2013</u>	<u>[in ₹]</u> <u>2011-2012</u>
a) Estimated amount of contracts remaining to be executed on capital account and not provided for:	323,862,546	248,687,782
b) Guarantees given by Company's Bankers for Contracts underaken by the Company are secured by a First Charge on Company's Inventories (excluding Stores and Spares relating to Plant and Machinery) Outstanding Bill & Second Charge on Fixed Assets. Amount outstanding as on 31st March 2013.	2,988,840,568	3,383,284,882
c) Purchase of Bearings from KSPG Automotive India Pvt. Limited on a non exclusive basis	1,180,000,000	1,180,000,000

NOTE C - 5 : CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF

	<u>2012-2013</u>	<u>[in ₹]</u> <u>2011-2012</u>
a) Guarantees	14,941,901	147,220,786
b) Central Excise Demands	35,588,221	12,752,455
c) Sales Tax and Octroi Demands	63,270,825	62,105,074
d) Income Tax (Matter under appeal)	267,489,080	140,231,783
e) Disputed Customs Duty demands	10,798,507	10,798,507
f) Claims against Company not acknowledged as debts	1,138,774,939	1,126,998,746
g) Stamp duty (Matter Subjudice)	5,560,121	5,560,121
h) Claim for US \$ 10 million has been filed against the Company (Kirloskar Pneumatic Company Limited) in the International Court of Arbitration. The Arbitration proceedings have been stayed by the Honorable High Court of Delhi. The Special Leave Petition filed by the plaintiff against the Order of High Court has been dismissed by the Honorable Supreme Court. Further the Honorable High Court of Delhi has transferred the matter to District Courts, Tis Hazari, Delhi on the grounds of pecuniary jurisdiction. Company has obtained an opinion from Senior Counsel stating that claim made by the plaintiff is not tenable.		
i) The Company (Kirloskar Oil Engines Limited) has imported Capital Goods under the Export Promotion Capital Goods Scheme of the Government of India, at concessional rates of duty on an undertaking to fulfill quantified exports against which, remaining future obligations aggregates US \$ 64.20 million (previous year US \$ 110.09 million). Non fulfillment of the balance of such future obligations, if any, entails options/rights to the Government to confiscate capital goods imported under the said licenses and other penalties under the said scheme. Minimum Export obligation to be fulfilled by the company under the said scheme, by March 31, 2013 has been fulfilled.		
j) The Company (Nashik Silk Industries Limited) filed an appeal in the year 2008 against the orders passed in the year 2005, by the Tahsildar of Taluka - Dindori, District – Nashik in the tenancy cases matter. The appeal was decided and the matter was sent back for re-enquiry to the Tahsildar Taluka - Dindori, District – Nashik. Tahsildar Taluka - Dindori, District – Nashik, has passed an order after conducting the re-enquiry and instructed the Company to pay the Non Agricultural Tax and instructed the concerned offices to restore the name of the Company on the 7/12 extract and to levy penalty as per Section 63 (A) of Bombay Tenancy and Agriculturist Act, 1948 in respect of non payment of Non Agricultural Tax; and as per Section 44 (A) of Maharashtra Land Revenue Code, 1966, for non intimation of the industrial use within the prescribed time. The amounts for the same are unascertainable and hence not provided. The Tahsildar, Taluka – Dindori, District – Nashik had raised a demand of ₹ 22,81,141/- in the year 2006 towards N.A. Tax and non intimation of industrial use within the prescribed time. It is expected that the said authority will raise a fresh demand in this regard.		

NOTE C - 6 : RELATED PARTY DISCLOSURES

(A) Names of related parties with whom transactions have been entered into

1) Key Management Personnel	Mr. Atul C. Kirloskar Mr. Gautam A. Kulkarni Mr. Rahul C. Kirloskar Mr. Nihal G. Kulkarni Mr. Rajendra R. Deshpande Mr. Aditya Kowshik Mr. Anil C. Kulkarni	
2) Relatives of Key Management Personnel	Mrs. Alpana R. Kirloskar Mrs. Arti A. Kirloskar Mrs. Jyotsna G. Kulkarni Mrs. Neeta A. Kulkarni Mrs. Suman C. Kirloskar Mrs. Asmita A. Kulkarni	Wife of Mr. Rahul C. Kirloskar Wife of Mr. Atul C. Kirloskar Wife of Mr. Gautam A. Kulkarni Mother of Mr. Gautam A. Kulkarni Mother of Mr. Rahul C. Kirloskar and Mr. Atul C. Kirloskar Wife of Mr. Anil C. Kulkarni
3) Enterprises over which key managerial personnel or their relatives exercise significant influence	Kirloskar Integrated Technologies Limited Kirloskar Consultants Limited	

Contd.


PART C : CONSOLIDATED OTHER NOTES (CONTD.)
(B) Disclosure of related parties transactions

[in ₹]

Sr. No.	Nature of transaction / relationship / major parties	2012-2013		2011-2012	
		Amount	Amount for major parties*	Amount	Amount for major parties*
1	Purchase of goods and services				
	Enterprises over which key management personnel or their relatives exercise significant influence	-	-	75,375	75,375
	Kirloskar Integrated Technologies Limited				
	TOTAL	-		75,375	
2	Sale of goods/contract revenue & services				
	Enterprises over which key management personnel or their relatives exercise significant influence	745,789	745,789	3,061,154	3,061,154
	Kirloskar Integrated Technologies Limited				
	TOTAL	745,789		3,061,154	
3	Sales Return				
	Enterprises over which key management personnel or their relatives exercise significant influence	-	-	84,327,022	84,327,022
	Kirloskar Integrated Technologies Limited				
	TOTAL	-		84,327,022	
4	Purchase of Fixed Assets				
	Enterprises over which key management personnel or their relatives exercise significant influence	4,747,793	4,747,793	6,930,876	6,930,876
	Kirloskar Integrated Technologies Limited				
	TOTAL	4,747,793		6,930,876	
5	Rendering Services				
	Enterprises over which key management personnel or their relatives exercise significant influence	-	-	1,058,880	1,058,880
	Kirloskar Integrated Technologies Limited				
	TOTAL	-		1,058,880	

Contd.

PART C : CONSOLIDATED OTHER NOTES (CONTD.)

[in ₹]

Sr. No.	Nature of transaction / relationship / major parties	2012-2013		2011-2012			
		Amount	Amount for major parties*	Amount	Amount for major parties*		
6	Receiving Services from Key Management Personnel	154,504,000		143,208,692			
	Mr. Atul C. Kirloskar					46,640,000	40,307,997
	Mr. Gautam A. Kulkarni					46,100,000	41,041,825
	Mr. Rajendra R. Deshpande					28,100,000	23,411,290
	Mr. Nihal G. Kulkarni					32,800,000	32,863,649
	TOTAL (A)	154,504,000		143,208,692			
	Enterprises over which key managerial personnel or their relatives exercise significant influence						
	Kirloskar Consultants Limited	-		1,104,657			
	TOTAL (B)	-		1,104,657			
	TOTAL (A+B)	154,504,000		144,313,349			
7	Dividend paid Key Management Personnel	26,303,908		23,475,628			
	Mr. Atul C. Kirloskar					9,471,960	8,056,128
	Mr. Gautam A. Kulkarni					7,700,000	7,681,880
	Mr. Rahul C. Kirloskar					9,086,948	7,692,620
	TOTAL (A)					26,303,908	
	Relatives of Key Management Personnel	31,146,928		44,444,354			
	Mrs. Alpana R. Kirloskar					1,131,492	14,400,000
	Mrs. Arti A. Kirloskar					14,400,000	14,400,000
	Mrs. Jyotsna G. Kulkarni					15,400,000	15,429,000
	TOTAL (B)	31,146,928		44,444,354			
	TOTAL (A+B)	57,450,836		67,919,982			
9	Remuneration Paid To Key Management Personnel	73,246,657		32,442,819			
	Mr. Anil C. Kulkarni					5,144,062	4,982,438
	Mr. Rahul C. Kirloskar					48,846,356	8,506,245
	Mr. Aditya Kowshik					19,256,239	18,954,136
	TOTAL					73,246,657	
10	Expenses paid to Enterprises over which key management personnel or their relatives exercise significant influence	-		22,039,522			
	Kirloskar Integrated Technologies Limited					-	22,039,522
	TOTAL					-	22,039,522
11	Reimbursement of Expenses Enterprises over which key managerial personnel or their relatives exercise significant influence	-		110,000			
	Kirloskar Integrated Technologies Limited					-	110,000
	TOTAL					-	110,000


PART C : CONSOLIDATED OTHER NOTES (CONTD.)

[in ₹]

Sr. No.	Nature of transaction / relationship / major parties	2012-2013		2011-2012	
		Amount	Amount for major parties*	Amount	Amount for major parties*
12	Rent paid				
	Relatives of Key Management Personnel	5,400,000		5,400,000	
	Mrs. Arti A. Kirloskar		1,800,000		1,800,000
	Mrs. Jyotsna G. Kulkarni		1,800,000		1,800,000
	Smt. Suman C. Kirloskar		1,800,000		1,800,000
	TOTAL (A)	5,400,000		5,400,000	
	Enterprises over which key managerial personnel exercise control/ significant influence	1,300,000			
Kirloskar Integrated Technologies Limited		1,300,000			
TOTAL (B)	1,300,000		-	5,400,000	
TOTAL (A+B)	6,700,000		5,400,000		

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

(C) Amount due to / from related parties

[in ₹]

Sr. No.	Nature of transaction / relationship / major parties	2012-2013	2011-2012
1	Accounts receivable Enterprises over which key managerial personnel or their relatives exercise significant influence Kirloskar Integrated Technologies Limited	104,900,000	104,158,293
2	Provision for doubtful debts Enterprises over which key managerial personnel or their relatives exercise significant influence Kirloskar Integrated Technologies Limited	104,158,293	20,459,396
3	Amount Due Enterprises over which key managerial personnel exercise control/significant influence Kirloskar Integrated Technologies Limited	1,900,000	-
	TOTAL (A)	1,900,000	-
	Key Management Personnel Commission		
	Mr. Gautam A. Kulkarni	30,000,000	25,000,000
	Mr. Rahul C. Kirloskar	30,864,000	25,060,000
	Mr. Rajendra R. Deshpande	18,000,000	15,000,000
	Mr. Atul C. Kirloskar	30,240,000	25,000,000
	Mr. Nihal G. Kulkarni	20,000,000	3,490,000
	Mr. Aditya Kowshik	12,500,000	12,500,000
	Mr. Anil C. Kulkarni	2,000,000	2,000,000
	Retirement Benefit-Superannuation		
	Mr. Gautam A. Kulkarni	900,000	900,000
	Mr. Rahul C. Kirloskar	-	585,484
	Mr. Rajendra R. Deshpande	560,000	514,000
	Mr. Atul C. Kirloskar	900,000	900,000
	Mr. Nihal G. Kulkarni	600,000	206,613
	TOTAL (B)	146,564,000	111,156,097

PART C : CONSOLIDATED OTHER NOTES (CONTD.)

[in ₹]

Sr. No.	Nature of transaction / relationship / major parties	2012-2013	2011-2012
4	Other Allowances		
	Mr. Gautam A. Kulkarni	2,200,000	2,000,000
	Mr. Rajendra R. Deshpande	180,000	580,000
	Mr. Atul C. Kirloskar	800,000	600,000
	Mr. Nihal G. Kulkarni	233,333	33,000
	TOTAL (C)	3,413,333	3,213,000
	TOTAL (A+B+C)	151,877,333	114,369,097
	Security Deposit Receivable		
	Relative of Key Management Personnel		
	Mrs. Arti A. Kirloskar	10,000,000	10,000,000
Mrs. Jyotsna G. Kulkarni	10,000,000	10,000,000	
Smt. Suman C. Kirloskar	10,000,000	10,000,000	
	30,000,000	30,000,000	

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

Contd.



PART C : CONSOLIDATED OTHER NOTES (CONTD.)

NOTE C - 7 : SEGMENT REPORTING

Sr. No.	Particulars	2012-2013					2011-2012					TOTAL	
		COMPRESSION SYSTEMS	TRANSMISSION EQUIPMENTS	ENGINES	OTHERS	TOTAL	COMPRESSION SYSTEMS	TRANSMISSION EQUIPMENTS	ENGINES	OTHERS	TOTAL		
1	A. Information about Business Segment - Primary												
	Segment revenue												
	Sales	4,481,675,364	1,004,532,551	23,517,827,780	73,929,132	29,077,964,827	884,862,546	22,532,796,602	1,991,988,543	31,190,926,483			
	Less: inter segment revenue			-						81,605,950			
	Net revenue from operations	4,481,675,364	1,004,532,551	23,517,827,780	73,929,132	29,077,964,827	884,862,546	22,532,796,602	1,991,988,542	31,109,320,533			
2	Result												
	Segment Result	887,332,200	100,490,774	2,516,989,493	5,240,181	3,510,052,648	46,229,799	2,319,338,554	1,165,103,664	4,625,101,970			
	Less: unallocable corporate expenses					47,427,319				(411,962,905)			
	Operating profit before interest					3,462,625,329				5,037,064,875			
	Less: interest					42,811,599				171,555,482			
	Profit before tax					3,419,813,730				4,865,509,393			
3	Other information												
	Segment assets	2,116,981,042	825,635,367	12,531,692,452	5,379,426,706	20,853,735,567	802,093,061	11,514,115,469	6,367,546,511	21,020,160,981			
	Add: Unallocable common assets					1,867,072,958				1,693,295,544			
	Total assets					22,720,808,525				22,713,456,525			
4	Segment liabilities	1,285,338,564	300,654,335	4,145,595,990	1,024,018,307	6,755,607,196	257,558,189	4,424,668,546	554,082,285	6,893,042,629			
	Add: unallocable common liabilities					570,273,375				491,844,762			
	Total liabilities					7,325,880,571				7,384,887,391			
	Capital expenditure during the year	204,368,232	19,730,569	1,099,857,397	193,800	1,324,149,998	3,799,051	817,338,744	177,760,108	1,114,059,818			
5	Depreciation	72,280,706	39,394,909	899,905,662	25,899,503	1,037,480,780	44,689,348	871,395,567	41,870,419	1,033,371,448			
	Add: unallocable depreciation					3,068,342				451,696			
						1,040,549,122				1,033,823,144			
B	Secondary segment - geographical by customers												
	Segment revenue												
	In India					28,912,979,949				30,789,498,219			
	Outside India					164,984,878				319,822,314			
	Total					29,077,964,827				31,109,320,533			

Subsidiaries of the company operate in various segments. Results of Kirloskar Brothers Investments Limited and Nashik Silk Industries Limited are included under 'Others' category.

PART C : CONSOLIDATED OTHER NOTES (CONTD.)

NOTE C - 8 :

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
Firm's Registration No.: 101118W

ATUL C. KIRLOSAR
Chairman

ANIL C. KULKARNI
Executive Director

ABHIJEET BHAGWAT
Partner
Membership No.: 136835
Pune : 20 May 2013

ANIKET A. DESHPANDE
Company Secretary



Enriching Lives

KIRLOSKAR BROTHERS INVESTMENTS LIMITED

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