

**KIRLOSKAR BROTHERS LIMITED**  
**90TH ANNUAL REPORT 2009 - 2010**



Enriching Lives

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*Let's celebrate the spirit*



**ENGINEERING SMILES GLOBALLY**

## Global Headquarters Kirloskar Brothers Limited, India.

The new Kirloskar Brothers corporate office has been designed to reflect the four principal tenets of the Kirloskar Group: Concern for the Environment, Comfort of our People, Commitment to Technology & Innovation and Continued respect for our Heritage. The new office shows KBL's commitment to the highest level of environmental friendliness. It reflects the values and ethics as an organization.

The design encompasses a building that is clearly a high technology facility with "water" as prominent theme in the form of three shells depicting water droplets on the main building facade. These shells not only serve as an aesthetic device, but also shields the south and west side of the building from direct sun.

Yamuna sits on 2,00,000 sq ft of land, with built-up area of 1,00,000 sq ft and houses 500 employees providing a very generous space-to-occupant ratio. A central atrium allows the entire building to be bathed in gentle natural light; unique design features enable 30% more fresh air intake than the normal buildings.

The building envelope including high performance double glazed units provides a good thermal barrier. The offices have column less spaces and the work stations are aligned at 90 degree to the glass façade for better natural light penetration thus eliminating the use of artificial lighting.

- KBL sets standards by saving 50% energy and 30% water, by use of technology and innovative design. Environment and energy conservation features of this Green Building are:
- Energy efficient interior and exterior lighting
- Commissioning of Solar photo voltaic cells to generate 2.6% of total energy consumption
- Use of high recycled content material
- CO2 sensors for monitoring CO2 levels and optimising fresh air intakes
- Task lights for individual light controls
- Native and water efficient species of flora for plantation
- Recharge pits for rain water harvesting
- Use of 100% STP (Sewage Treatment Plant) treated water for irrigation
- Use of water efficient fixtures to reduce water consumption by 30%
- Use of paints, sealants, adhesives that which emit less VOCs (Volatile Organic Compounds)
- Maximum usage of local materials

Apart from green design features, commitment of KBL towards environmental awareness is reflected in adopting green strategies, such as encouraging public transportation for the employees, use of alternate fuel vehicles, use of bio diesel for standby power supply, green design education and green house keeping policy. Other amenities like an Auditorium, Library, a well equipped Gymnasium, Badminton Court, Swimming Pool and an Amphitheatre extend an opportunity for employee engagement and networking.

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### **Board of Directors**

Sanjay Kirloskar	Chairman & Managing Director
Gautam Kulkarni	Vice Chairman
Vikram Kirloskar	Executive Director upto 20.01.2010
M. S. Kirloskar	
S. N. Inamdar	
Rahul Kirloskar	
U. V. Rao	
R. K. Srivastava	Whole Time Director
P. S. Jawadekar	
J. R. Sapre	Whole Time Director
A. N. Alawani	
Lalita D. Gupte	
Pratap B. Shirke	

### **Company Secretary**

G. P. Kulkarni

### **Auditors**

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

### **Bankers**

Bank of India  
Canara Bank  
HDFC Bank Limited  
ICICI Bank Limited  
CitiBank N.A.

### **Registered Office**

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

### **Corporate Office**

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

### **Works**

Kirloskarvadi, Dewas, Shirwal, Kondhapuri

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Day & Date : Tuesday, July 27, 2010	Directors' Report	3
Time : 11.00 a.m.	Management Discussion & Analysis	12
Venue : “YAMUNA”, Survey No.98 (3-7) Baner, Pune – 411 045	Report on Corporate Governance	29
Dates of Book	Auditors' Report	42
Closure : July 17, 2010 to July 27, 2010 (both days inclusive)	Balance Sheet	46
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## DECADE AT A GLANCE

(Rupees in Millions)

Particulars	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Net Sales	4162	3746	4757	5078	7309	9246	13400	15251	18309	20178
Other Income	295	82	72	225	132	750	2408	430	359	480
Material Cost	2557	2279	3126	3393	4859	6093	9290	11126	14000	14987
Other Expenses	1493	1209	1371	1405	1896	1965	2563	2704	3176	3341
Interest	141	106	75	65	48	55	84	169	303	335
Depreciation	78	83	85	107	100	97	121	182	207	265
Profit before tax	188	151	172	333	538	1786	3750	1500	982	1730
Income tax provision	48	28	52	68	31	63	385	399	312	555
Net Profit after tax	140	123	120	265	507	1723	3365	1101	670	1175
Share Capital	71	71	71	71	71	212	212	212	212	# 159
Reserves	1321	1352	1459	1565	1832	2932	5808	6409	6879	# 6975
Net Worth	1392	1423	1530	1636	1903	3144	6020	6621	7091	# 7134
Imports	54	49	119	144	261	606	987	1152	2084	5073
Exports	586	585	585	572	1005	685	2266	1483	2240	1694
Basic Earnings per Share (Rs.) (Face Value of Rs. 2/-)	3.98	3.48	3.41	7.51	14.17	15.42	31.82	10.41	6.34	# 14.81
Basic Earnings per Share (Rs.) (Face Value of Rs. 2/-) (Excluding Extraordinary Income / Expense)	3.15	3.48	3.41	7.51	14.17	10.70	14.76	10.41	6.34	# 14.81
Dividend %	45.00	45.00	45.00	200.00	300.00	200.00	200.00	200.00	100.00	* 275.00
Book Value per Share (Rs.)	39.47	40.37	43.40	46.40	53.97	** 29.69	** 56.92	** 62.60	** 67.05	**#89.92
Debt Equity Ratio	0.53	0.41	0.24	0.29	0.18	0.06	0.08	0.09	0.03	0.07

### Notes :

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

\* Includes Dividend Recommended 175% and special dividend of 100% recommend on the occasion of centenary celebrations of Kirloskarvadi factory.

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

# Figures are calculated after giving effect to the Scheme of Arrangement. (Refer note B-31)

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



## DIRECTORS' REPORT TO THE MEMBERS

Your Directors present the 90<sup>th</sup> Annual Report and the Audited Annual Accounts of the Company for the year ended March 31, 2010.

### FINANCIAL RESULTS

The financial results of the Company for the year 2009-10 as compared with the previous year are as under: -

	<b>Current Year ended March 31, 2010 (Rs.)</b>	Previous Year ended March 31, 2009 (Rs.)
Sales	<b>20,178,370,074</b>	18,309,447,980
Other income	<b>479,471,733</b>	359,135,347
<b>Total</b>	<b>20,657,841,807</b>	18,668,583,327
Profit before tax	<b>1,729,616,298</b>	982,203,176
Provision for tax	<b>554,438,774</b>	311,916,578
Profit after tax	<b>1,175,177,524</b>	670,286,598
Surplus in Profit & Loss Account brought forward from previous year	<b>529,687,717</b>	506,879,134
<b>Available surplus</b>	<b>1,704,865,241</b>	1,177,165,732

### APPROPRIATIONS

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

Dividend @ 275% (100%)

on 79,330,766 (105,764,355) equity

shares of Rs. 2/- each **436,319,213** 211,528,710

Additional tax on Dividend **63,486,460** 35,949,305

Transferred to General Reserve **300,000,000** 400,000,000

Balance carried to Balance Sheet **905,059,568** 529,687,717

**TOTAL** **1,704,865,241** 1,177,165,732

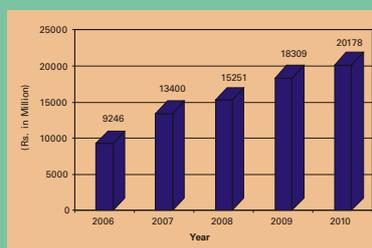
### DIVIDEND

Directors recommend a dividend of 175% (Rs. 3.50/- per equity share) for the year. Further, on the occasion of centenary celebrations of Company's Kirloskarvadi factory, Directors recommend a special dividend of 100% (Rs.2/- per equity share).

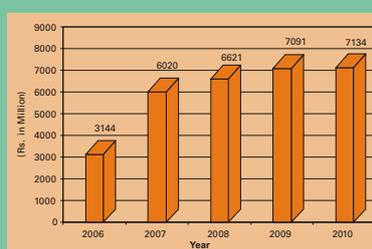
### SCHEME OF ARRANGEMENT

The Scheme of Arrangement between KBL and Kirloskar Brothers Investments Ltd. (KBIL) and their respective shareholders, has come into effect on March 2, 2010, upon getting all statutory approvals. Pursuant to the said Scheme, certain investments in shares held by KBL, stands

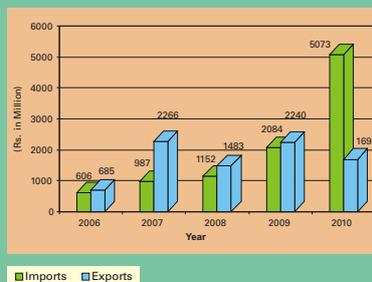
#### Net Sales



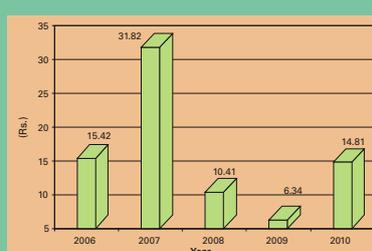
#### Net Worth



#### Import & Export



#### Earning per Share



transferred and vested in KBIL without any further act or deed and be deemed to have been transferred to and vested in KBIL. The Company has issued and allotted shares, after reduction of capital to the shareholders pursuant to the Scheme of Arrangement. The trading permission for Company's shares has been received.

The Board, based on the Honourable Bombay High Court orders, gave effect of capital reduction in terms of Scheme of Arrangement to the 10000 equity shares of Rs. 2/- each, kept in abeyance. Thereafter, the subscribed, issued and paid-up equity shares capital of the Company stands at Rs. 158,661,532/- consisting of 79,330,766 equity shares of Rs. 2/- each.

## **STATUTORY DISCLOSURES**

### **1. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE**

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

### **2. PARTICULARS OF EMPLOYEES**

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

### **3. SUBSIDIARY COMPANIES**

During the year, the Company ceased to be the subsidiary company of Better Value Holdings Private Limited, one of the promoters and a Kirloskar group Company.

On acquisition of additional shares, with effect from November 12, 2009, Kirloskar Corrocoat Private Limited, Hematic Motors Private Limited, Pressmatic Electro Stampings Private Limited and Quadromatic Engineering Private Limited have become direct subsidiaries of the company alongwith Hematic Motors Private Limited's subsidiaries viz. ILa Electricals Private Limited, Vakasa Electricals Private Limited and Moreshwar Electricals Private Limited.

On issue of shares in terms of Scheme of Arrangement, as approved by the Honourable High court of Judicature at Bombay, by Kirloskar Brothers Investments Limited (KBIL) to the shareholders of the Company, KBIL ceased to be a subsidiary company of Kirloskar Brothers Limited. Simultaneously, 50000 KBIL equity shares held by KBL also stand cancelled.

In terms of Scheme of Arrangement inter alia, on transfer of investments in Pooja Credits Private Limited and Kirloskar Silk Industries Limited held by Kirloskar Brothers Limited (KBL) to KBIL, these companies also ceased to be subsidiaries of KBL.

On February 15, 2010, KBL has sold the shares held in its Wholly Owned Subsidiary SPP Pumps Limited (SPP) to its other Wholly Owned Subsidiary - Kirloskar Brothers International B.V (KBI) Netherlands. KBI has issued 1000 shares of Euro 100 each to KBL at a premium, towards the consideration for transfer of SPP shares to KBI by KBL. Thus SPP ceased to be the direct subsidiary company of KBL.

On December 9, 2009, the Company made an application to the Central Government under section 212(8) of the Companies Act, 1956 for exemption from attaching the annual accounts of the subsidiary companies. On May 10, 2010 the Government of India, Ministry of Corporate Affairs vide letter No. 47/41/2010-CL-III, granted its approval under section 212(8) of the Companies Act, 1956 for the year ended March 31, 2010.

The consolidated financial statement of subsidiaries prepared as per applicable provisions and duly audited by the statutory auditors, is presented elsewhere in this annual report. As per the said Government approval, instead of the annual accounts of the subsidiary companies, we attach certain information in respect of Company's subsidiaries for the financial year ended September 30, 2009 / December 31, 2009 / March 31, 2010 as the case may be.

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



the subsidiary companies will also be kept open for inspection for Shareholders and shall be on Company's website.

#### **4. DIRECTORS' RESPONSIBILITY STATEMENT**

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

- In the preparation of the annual accounts, the applicable accounting standards have been followed and there was no material departure from the accounting standards.
- Accounting policies have been selected and applied consistently and that the judgements and estimates made are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2010 and of the profit of the Company for the period April 1, 2009 to March 31, 2010.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, and
- The annual accounts have been prepared on a going concern basis.

#### **5. CASH FLOW**

A cash flow statement for the year ended March 31, 2010 is attached to the Balance Sheet.\

#### **SAFETY, HEALTH AND ENVIRONMENT**

The prestigious international certificate OSHAS 18001 has been awarded to Kondhapuri plant of the Company. With this certification, all four of our plants are certified under OSHAS. This is very important step towards ensuring and achieving occupational Health and Safety standards for persons connected with these plants.

The Company continues its thrust on safety measures for employees with regular safety training. Safety audits are also conducted regularly. As a commitment to environment, the Company has selected the sustainability model and formed a core group to address the relevant issues.

#### **CORPORATE GOVERNANCE**

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

During the year the Company has released "Code of Ethics" for all employees.

#### **EMPLOYEE STOCK OPTION SCHEME (ESOS)**

During the year 2007-08, Company launched the Employees' "Share a Vision" Stock Option Scheme, 2007 (ESOS-2007). During the year, the vesting of the II tranche (August 31, 2009) stands cancelled due to non achievement of the performance targets specified in the performance matrix. The exercise price offered is at Rs. 200/- per option to be converted into an equity share on exercise. On October 22, 2009, 10,000 equity shares of Rs. 2/- each have been allotted.

The Management has formulated under ESOS – 2007, a proposal of providing stock options at Rs. 2/- per option to award employee for their outstanding, exemplary performance in getting sustainable results. During the year, 2250 options have been granted to three employees.

After implementation of the Scheme of Arrangement and reduction in capital of the Company, based on spurt in the market price of Company shares, the exercise price of Rs. 200/- per share has not been changed under ESOS.

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

## **FIXED DEPOSITS**

The Company is neither accepting nor renewing the matured deposits since January, 2003. As on March 31, 2010, deposits from public and shareholders aggregating to Rs. 516,000/- have matured but have not been claimed. The Company has sent reminders for the same.

## **CORPORATE SOCIAL RESPONSIBILITY**

The Company undertakes its social responsibilities through a Trust –Vikas Charitable Trust. The Company has defined policy on Corporate Social Responsibility (CSR). The main thrust is on education and social health. The sphere of activities includes organizing health camps, blood donations programs, education camps at various schools, sponsoring education in various schools and so on.

Company also supports a group of employees - Kirloskar Brothers Eco Group for their activities in the field of working towards green environment.

## **CENTENARY CELEBRATION**

This year witnessed a historic day in the history of our Company. March 10, 2010 was completion of 100 years of our establishment at Kirloskarvadi plant. We have organized various events on that day and the main function was attended by various dignitaries from Corporate and Social fields. More than 9000 people attended functions which were great success.

A few old dealers, employees were felicitated during the function, a book and a film on Kirloskarvadi was released on that day. A few photograph glimpses of the function are published in this report. During the current year Company proposes to have a few more functions at different locations as a part of centenary celebration. We are proud of this legacy and commit ourselves to follow the value systems framed by our founders.

## **A NEW CORPORATE OFFICE**

You are aware that company has built a new corporate office “Yamuna”, which is prominently located on Mumbai-Bangalore highway. It has many unique features of a “Green Building”. We are especially glad to inform you that this building has been achieved a LEED (Leadership in Energy & Environmental Design) platinum rated Green Building status.

This building has many unique features such as design of HVAC (Heating, Ventilation and Air-Conditioning) lighting and external envelope to achieve around 35% saving in the total energy consumption, Solar photovoltaic cells to generate 2.5% of total energy consumed annually, CO2 sensors for monitoring levels and optimizing fresh air intake, Use of 100% STP (Sewage Treatment Plant) treated water for irrigation and so on.

Another advantage of this corporate office is that all our offices are under one roof and we expect that this ensure more efficient working.

## **DIRECTORS**

Mr. Vikram S. Kirloskar, has informed the Company that due to other pre-occupation, he would not be in a position to continue as an Executive Director with effect from January 20, 2010. However, he would continue to be a Director on the Board of the Company.

The Board wishes to place on record its gratitude for the guidance received from Mr. Vikram Kirloskar during his



tenure as an Executive Director of the Company.

Mr. Vikram Kirloskar, Mr. U. V. Rao and Mr. M.S. Kirloskar, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Subject to Members' approval, the Board has re-appointed Mr. J.R. Sapre, Whole Time Director with effect from April 29, 2010 upto the period May 31, 2012.

### **AUDITORS**

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

### **ACKNOWLEDGMENTS**

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

For and on behalf of the Board of Directors,

**SANJAY KIRLOSKAR**  
CHAIRMAN

Pune : May 20, 2010

## ANNEXURE – I TO THE DIRECTORS' REPORT

### A. Conservation of Energy

The Company continues to take additional steps for conservation of energy. The Company introduced Lowest Life Cycle Cost (LLC) series of Pumps in India as Industrial, Water supply & Irrigation Pumping solutions, after the successful launch in European Market. This enabled the Company to provide the Highly Efficient Pumps having benefit of savings in running & maintenance costs. Similarly, Company introduced an Energy Efficient and Corrocoated (EEC) series of Monobloc Pump sets and received excellent responses from Industries as well as Government Projects.

During the year, Company has undertaken following further measures for conservation of energy:

The conventional water supply system for Kirloskarvadi Township converted into Energy Efficient "Hydro-Pneumatic Booster Pumping System" (HYPN) system. The system is Variable Speed controlled (i.e. automatically operated as per flow demand) without any manual intervention. This has facility of remote monitoring and is controlled with latest installed technology Supervisory Control and Data Acquisition.

### B. Technology Absorption

#### 1. Research and Development (R&D)

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

- Solar Pump set Controller.
- Water mist technology for firefighting application in submarines.
- New product for high pressure and high head application.
- Development of low end chemical process pumps (iCP) with innovative design features like no leakage through stuffing box without using mechanical seal.
- Development of high flow and high head vertical turbine pumps for irrigation purpose.
- Development of double suction metallic volute pumps.
- Development of 3000 mm flap valve, 200 mm siphon air valve, 2100 mm turbine inlet butterfly valve.
- Value engineering of Butterfly valve, Kinetic air valve and sluice valve components.

##### b. Benefits

- Reduction in product lead time and productivity.
- Improved overall quality and reliable performance.
- Innovative design considering user friendly features.
- Performance improvement of the products.
- Reduction in building time of sump model test setup.

##### c. Future plan of action

- Development of dewatering submersible pump for Marine & Defense application.
- Development of high pressure metallic volute pumps with guide vane arrangement.
- Development of Large flow VT pumps for various power plants.
- In-house development of 200 Ton capacity thrust bearing for high capacity concrete volute pumps.
- Development of 1500 mm sluice valve, Double seal butterfly valve, Duel plate check valves.

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

a. Capital           Rs. 35.87 M

b. Recurring       Rs. 83.12 M

**c. Total           Rs. 118.99 M**

d. Total R & D Expenditure as a Percentage of total turnover 0.59%



## 2. Technology absorption, adaptation and innovation

### a. Efforts, in brief, made towards technology absorption, adaptation and innovation.

- Development of low end chemical process pumps without mechanical seal or gland packing yet with zero leakage.
- Development of alternative fabrication construction for large size duplex stainless steel castings.
- Development of largest axial split, double volute pump.
- Development of largest slurry handling pump.

### b. Benefits derived as a result of the above efforts

- Due to development of SCT 200/82, 2 stage pump, KBL can offer this pump as an import substitution in Desalination application.
- Due to development of zero leakage pump type i-CP, it is helping in maintaining clean plant and become environment friendly.
- Product range enhancement.

### c. Technology imported during the last five years

Technology Imported	Year of Import	Has technology been fully absorbed?	If not fully absorbed, areas where this has not taken place, reasons therefor and future plan of action
Condensate Extraction pumps from SIHI, Germany	2005	Yes	Not applicable
CV and MV Pumps Deep well Pumps	2008	Yes	Not applicable
Use of Math CAD for calculations and estimating weight of components from 2D drawings.	2008	Yes	Not applicable

## C. Foreign Exchange Earnings and Outgo

### Exports Activities :

The Company has achieved export sales of Rs. 1,694 million.

The Company continues to have orders from various African and European countries for irrigation / power / water supply projects. Our efforts continues to establish our brand in European Markets.

In continuation of "Focus Africa" programme, the Company has embarked upon "Food Sufficiency Programme" across Africa with concept to commissioning philosophy. The Company with Triple A Philosophy – Adaptable, Appropriate and Affordable pumping solutions can meet the irrigation needs across Africa to achieve their goals of food sufficiency in phased manner.

The Company is constantly exploring new export markets for its products and also striving to increase the range of products in existing markets and to expand our export market.

### Foreign exchange earnings and outgo:

Earnings Rs. 1,920,402,415/-

Outgo Rs. 5,072,684,849/-

The outgo consists of import of large motors which are not available indigenously.

## ANNEXURE – II TO THE DIRECTORS' REPORT

Information under Section 217(2A) read with Companies (Particulars of employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2010.

Name & (Age)	Qualifications	Designation/ Nature of duties	Date of commencement of employment & (Experience)	Gross Remuneration Rs.	Last employment
Chapalgaonkar Pradeep G. * (49)	B.E. (Chem Engg), Dip in Mktg.	Vice President – Industry	01.04.2004 (26)	3290370	CEO, Master Handlers Pvt. Ltd.
Dabi L.H. (58)	B.E. (Mech)	Vice President – Corp. International Instit	15.11.1975 (35)	2812965	-
Date Sanjeev Shripad * (60)	B.E.(Mech) DIIT (Industrial Design)	Vice President (Technical) – R & D and Quality	20.07.1970 (40)	2867945	-
Kirloskar Sanjay (53)	Bachelor of Science (M.E), Illinois Inst. of Tech. USA	Managing Director	02.05.1983 (32)	34706449	Manager, Kirloskar Cummins Ltd., Pune
Kirloskar Vikram # (51)	Bachelor of Science (Mech.) MIT, USA	Executive Director	06.06.2001 (28)	34665534	-
Dr. Kshirsagar J. T. (55)	PHD (Engg.), ME (Mechanical)	Vice President & Head of Corporate Research & Eng. Development	08.10.1996 (31)	3670680	I.I.Sc, Bangalore
Kulkarni Gajanan P. (52)	M.Com, FCS, LLM, CS (London)	Vice President & Head – Legal & Company Secretary	01.03.2004 (29)	2738530	Company Secretary, Kirloskar Pneumatic Company Ltd., Pune
Maheshwari G. M. * (60)	BE (Electrical)	Vice President – Domestic & Agricultural Pumps	24.02.2004 (38)	1367911	General Manager, Crompton Greaves Ltd.
More Shirish S. (48)	BE (Mech), MMS	Associate Vice President & Sector Head - Marine & Defense	01.08.1992 (24)	2466694	Indian Navy
Murthy Ravindra (56)	B.S. (Mech Eng)	Vice President – Distribution	22.05.2008 (33)	3187404	VP & SBU Head, Kirloskar Oil Engines Ltd.
Nimbalkar D. B. (57)	B.Com, MSW	Vice President – Corp. HRM & C	01.01.2005 (39)	3120392	Vice President, Traspek Silox, Baroda
Pattewar M.R. (47)	B.E. (Mech), DIBM, DBM, MDBA (Mktg)	Vice President – Irrigation	27.08.1992 (25)	3137478	Executive Officer, KSB Pumps, Pune
Prabhudesai Chandrashekhar K. (60)	B.Com CA, CISA	Vice President & Head – Corporate Internal Audit	01.07.2002 (36)	2496549	Birla Technology
Purandare Avinash W. (50)	BE (Electrical)	Vice President – Corporate Global Marketing	01.03.2005 (28)	3507894	Consulting Practice Head (SCM), SAP India (P) Ltd., Bangalore
Rana Y.S. (59)	M. Tech. (Design Engg.)	Vice President -Power	17.02.1997 (31)	3540713	Sr. Marketing Manager, Jyoti Ltd.
Sapre J. R. (65)	Bachelor of Science	Whole Time Director	01.04.2002 (44)	11808392	Vice President - (MED) Marketing, Kirloskar Oil Engines Ltd., Pune
Sathe Anant R. (57)	CA, LLB	Vice President – Corporate Finance & Accounts	01.11.2003 (34)	3705874	Sr. Vice President - Finance, Kirloskar Pneumatic Company Ltd., Pune
Shastri Umesh R. (44)	B. Com, CA,CS	Associate Vice President – Corporate Finance & Accounts	01.02.2008 (22)	2910428	Emerson Climate Tech. Ltd.
Srivastav Aseem (42)	BE (Production), DBM	Vice President & Operations Head – Dewas & Shirwal	08.06.2004 (17)	2746291	L & T Ltd.
Srivastava R. K. (63)	M. Tech (I.I.T. Bombay)	Whole Time Director	15.05.1989 (38)	11399250	General Manager (Tech), Worthington Pump India Ltd., Kolkata
Ulavi Umesh V. (53)	BE (Mech.) DBM	Vice President - Business Sector Head – Water Resource Management	16.02.2009 (31)	2568320	VA-TECH WABA LTD
Wagh Narendra D. (55)	B.E. (Production Engineering)	Vice President – Industrial Pumps	28.08.2008 (32)	3868961	Head – Corp. Mfg. Services, Suzlon Energy Ltd.

# Resigned as Executive Director with effect from 20.01.2010

\* Employed for the part of the year

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



**ANNEXURE – III TO THE DIRECTORS' REPORT**

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

Particulars	Employees' "Share a Vision" Stock Option Scheme, 2007																	
a. Number of Options granted	554,500 options																	
b. Pricing Formula	552,250 options at Rs.200/- and 2,250 options at Rs.2/-																	
c. Number of Options vested	126,930 options																	
d. Number of Options exercised	10,000																	
e. Total number of shares arising out of exercise of Options	10,000																	
f. Number of Options lapsed	246,080 options																	
g. Variation in the terms of the Options	No variations																	
h. Money realized by exercise of Options	2,000,000/-																	
i. Total number of Options in force	298,420 options																	
j. Employee wise details of options granted to -																		
i. Senior Management Personnel	None																	
ii. Any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during the year	None																	
iii. Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	None																	
k. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 – Earnings Per Share	Rs. 14.81																	
l. Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	<p><b>Net Profit</b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">As reported</td> <td style="text-align: right;">1,175,177,524</td> </tr> <tr> <td>Add – Intrinsic value</td> <td style="text-align: right;">16,098,758</td> </tr> <tr> <td>Less – Fair Value</td> <td style="text-align: right; border-top: 1px solid black;">16,330,822</td> </tr> <tr> <td>As Adjusted</td> <td style="text-align: right;">1,174,945,460</td> </tr> </table> <p><b>Basic EPS</b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">As reported</td> <td style="text-align: right;">14.81</td> </tr> <tr> <td>As adjusted</td> <td style="text-align: right;">14.81</td> </tr> </table> <p><b>Diluted EPS</b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">As reported</td> <td style="text-align: right;">14.81</td> </tr> <tr> <td>As adjusted</td> <td style="text-align: right;">14.81</td> </tr> </table>		As reported	1,175,177,524	Add – Intrinsic value	16,098,758	Less – Fair Value	16,330,822	As Adjusted	1,174,945,460	As reported	14.81	As adjusted	14.81	As reported	14.81	As adjusted	14.81
As reported	1,175,177,524																	
Add – Intrinsic value	16,098,758																	
Less – Fair Value	16,330,822																	
As Adjusted	1,174,945,460																	
As reported	14.81																	
As adjusted	14.81																	
As reported	14.81																	
As adjusted	14.81																	
m.1 Weighted average exercise prices for options whose exercise price –																		
i. equals market price	Nil																	
ii. exceeds market price	Nil																	
iii. is less than market price	Rs. 2																	
m.2 Weighted fair values for options whose exercise price –																		
i. equals market price	Nil																	
ii. exceeds market price	Nil																	
iii. is less than market price (as on grant date)	Rs. 197.15																	
n. A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:	Black Scholes Option Pricing Model using the following assumptions.																	
1. risk free rate	6.16%																	
2. expected life	2.50 years																	
3. expected volatility	59%																	
4. expected dividends and	0.90%																	
5. the price of the underlying share in the market at the time of option grant.	203.47																	

**AUDITORS' CERTIFICATE**

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

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

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

Pune : May 20, 2010

## World Economy

The world economy is recovering with the support of massive fiscal stimuli from multilateral financial institutions and various governments across the globe. The recovery in global trade is largely driven by the turn in the inventory cycle. Private capital inflows to emerging economies have started to recover. A stronger recovery is expected in developing countries in comparison to the developed economies and developing regions of Asia are leading the rebound. Many developing countries have experienced large swings in terms of trade. However, conditions for sustained global growth remain fragile on account of subdued consumer and investment demand in the developed countries. Global growth is expected to remain below potential in 2010 and unemployment will stay high.

Emerging economies may experience a sharp drop in bank credit. Fiscal stimulus measures were critical in stabilizing the global economy, and a premature exit from stimulus measures poses a major risk for the global recovery. Fiscal deficit has widened substantially in most countries. There is a risk of substantial widening of the current accounts due to ensuing large global imbalances across the deficit countries. The steeply falling imports of United States of America, Western Europe, Japan and oil exporting countries has led to a collapse of export earnings in most of the surplus countries. Public and private investments to address issues related to climate change can be an integral part of the rebalancing efforts.

## Indian Economy

India has been ranked at the third place in global foreign direct investment this year, following the economic meltdown. According to the United Nations Conference on Trade and Development (UNCTAD) in a new report on world investment prospects titled, 'World Investment Prospects Survey 2009-2011', India will continue to remain among the top five destinations for international investors during the next two years. The Gross Domestic Product (GDP) of Indian economy may be around 8% in the financial year 2010-11. The Index of Industrial Production (IIP) will grow by around 10% in the coming fiscal year. The wholesale price index (WPI) may remain elevated and average at 7%. Bank credit is expected to improve by 20% in comparison to the previous fiscal year. Sectors like automobiles, power and other infrastructure developments (road construction and irrigation projects) are expected to witness a significant demand. Steel and real estate sectors are likely to recover from the demand slow down.

Budgetary provisions have been made to increase the reach of the green revolution to the eastern region of India. The plan proposes to organize 60,000 pulses and oil-seeds villages in rain-fed areas in 2010-11 and to provide an integrated intervention for water harvesting, watershed management and soil health to improve the productivity of dry land farming areas. Agriculture credit is likely to touch U.S. \$ 67 billion for the year 2009-10. India is fast emerging as a global manufacturing powerhouse on the basis of its skilled manpower and improving infrastructure. As per the United Nations Industrial Development Organization's (UNIDO) analysis published in 2009, India ranks among the top 12 producers of manufacturing value added activities. However, as per the estimates of Goldman Sachs, India's infrastructure sector will require U.S. Dollar 1.7 trillion investments in the next 10 years to keep pace with the growing requirements.



## Global Pump Market Outlook and Growth Drivers

The pump industry was severely affected by the global slowdown in 2008-09. Developed countries accounted for 60% of the market in 2009. The global pump market is expected to decline by 6.3% in 2010. The market declined in 2009-10 in both industrial and developing countries although the decline was smaller in the developing countries. These trends indicate a faster growth rate for developing countries. The recovery underway has helped to raise the demand for pumps. However, major growth will be probably fuelled by developing countries in Asia, South America and Africa and indebtedness brought by the financial crisis may hold back growth in the industrial countries.

Factors affecting growth of the global pump industry:

- Amidst concerns of global warming, climate change and rising energy cost; energy efficient and robust pumping solutions can be the growth drivers for the industry.
- Scarcity of drinking water in different parts of the world may lead to increasing demand for better water and waste water management technologies and solutions.
- Desalination and various filtration technologies are witnessing huge demand globally.
- The proper selection of pump based on the application may lead to more of a consultative sales approach.
- After sales support and availability of spares may have a commanding share in determining the overall demand for pump industry.

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## Strategy and Policy

Kirloskar Brothers Limited has been growing consistently over a period of time. The company achieved double digit growth in net sales over the last financial year. The increased focus on improving profitability has led to noticeable improvements in terms of numbers. Cost cutting measures were implemented for effective utilization of the available resources and production processes were optimized coupled with the introduction of better supply chain management practices. Projects were completed as per schedule for majority of the project sites. The cash and carry model was implemented for our channel business. We will continue to improve on working capital and cash generation on account of improved collections and strategic de-risking of customer portfolio.

We will address the challenges on account of water scarcity and the requirement of integrated water management practices. Our commitment towards the cause is demonstrated in the 2 patents received for innovations in solar controller and sump design. In addition to the pump and project business, plans are in place to leverage our competency in developing and marketing valves.

We continue to drive up our operational efficiencies and at the same time, we are doing strategic investments to tap the emerging business opportunities. New manufacturing plants have been planned at Ahmedabad for the manufacture of Submersible pumps and at Coimbatore for the manufacture of Mini pump.

## International Business and Strategy

We crossed the INR 1770 million turnover mark in our export business and will capitalize on our existing reach in the continents of Africa, Middle East and South East Asia by building win-win partnerships in these regions. Business development activity has been initiated in the South America. Kirloskar Brothers Thailand has been quite successful in eliciting a favorable response from the South East Asian market. The company was successful in getting project orders in Australia for power and Thailand for irrigation. Kirloskar Brothers Europe was successful in getting a prestigious power plant project in Malta. The group has successfully executed and commissioned orders received from the Ministry of Agriculture for an irrigation project in Senegal, Hull storm water pump station in the United Kingdom, an irrigation project in Portugal and a power plant project in Chile.

We have re-organized our internal operations for increased focus on the international market opportunities.

We plan to increase our market reach by introducing new products and entering new geographies of South America, South Asia and parts of Africa.



## Sustainability and Growth Initiative

The company has been consistently pursuing initiatives for the conservation of natural resources. This is evident from the projects completed for energy savings and a considerable amount of electrical energy was saved at our factories located at Kirloskarvadi and Dewas. Kirloskar Brothers Limited has also been recognized for its efforts in energy conservation by the Confederation of Indian Industry in their National Level competition. Conservation of energy and natural resources will help in cost reduction and maintaining a competitive edge, thus ensuring sustainability of our business. We have decided to assess the carbon footprint of our operations and also the impact of our products during their use. We have been able to reduce our Green House Gas (GHG) Emissions from 22000 to 21000 tons from year 2008-09 to 2009-10. This is equivalent to reduction from 0.88 ton / Rs Million sale to 0.78 ton/ Rs Million sale for the period. Water consumption has been reduced from 452000 to 394000 Kiloliters. A 2.83 % reduction in energy consumption is achieved during the same period which is 11.15% reduction per Rupee million sales. Kirloskar Brothers will continually strive to reduce the impact of organization's activities on environment.

As a part of corporate responsibility, Kirloskar Brothers Limited is planning to implement sustainability reporting. This is a voluntary initiative that will ensure that the organization addresses issues which are of environmental and social nature along with the economic sustainability.

Safety of employees and all those associated with projects is of prime concern to KBL. The company takes utmost care to make its operations safe through regular training and use of safe practices. Safety audits were conducted and "safety training" has been imparted to the employees. The Company is also planning to provide refresher training on safety to all employees so that safety is not ignored at any point of time.

The compliance committee has ensured that all the legal requirements are complied to. The Code of Ethics was released to act as a guide to ethical behaviour and generate awareness towards moral conduct.

## Risks and Concerns

High level of government borrowings and inflation may become a matter of concern. This is already reflected in the rising cost of raw materials.

We have identified a number of risks over a period, which are of critical importance to our company. Risks are based on their impact on the company's business and likelihood of their occurrence. The risk management committee formed for the purpose takes stock of the risk and calls for necessary mitigation measures for identified risks. Evaluation of the control and risk measures is undertaken to identify the status of risk. We have successfully mitigated a number of risks with the help of the risk control system.

## Water Resource Management

Water Supply continues to be focused area of business due to population growth in urban areas, coupled with scarcity of water. More regions around the world are getting water stressed due to uneven monsoons, poor utilization and management of available water resources. As per the 11th Five Year Plan, the Government of India has planned to cover 100% of the population in urban areas for water supply and basic sanitation needs. Such a scenario demands better water management practices with latest technologies and cost effective options.

Our Water Resource Management business sector serves state level bodies, various municipal corporations and urban local bodies in India which are responsible for provision of water supply, water and wastewater treatment and sewerage facilities.

Some of the prestigious orders executed:

- Hyderabad Urban Development Authority's 4 Million Litres Daily Sewage Treatment Plant. Innovative "Tube Settler Technology" was used for secondary treatment of sewage in the project which gave better result in the "Biological Oxygen Demand"
- Jaipur Water Supply Project from Public Health Engineering Department Rajasthan,
- 30 Million Litres Daily Sewage Treatment Plant project for Bhilai Steel Plant of Steel Authority of India.

We were successful in securing the sewerage pumping solution order along with civil works at Vasna and Vinzol which were done for the first time by the company. "No load Trials" for Vinzol sewage pumping station of Ahmedabad Urban Development Authority have been completed within the scheduled time. The sector has achieved the distinction of being the first contractor to achieve this milestone in the Ahmedabad Urban Development Authority. The first turnkey scope order for "Solar Pump" system from the Gujarat Water Supply and Sewerage Board was executed successfully. Real time performance monitoring through the global system for mobile communications was introduced for the first time in India at Bangalore Water Supply and Sewerage Board, Netkal, resulting in substantial cost savings as compared to the conventional Telemetry system. We propose to give thrust to product as well as turnkey business in the overseas market.

Solar Pumping System for Gujarat Water Supply and Sewerage Board





## Irrigation

This business sector is focused towards providing turnkey solutions and products for irrigation schemes. It successfully commissioned all five pumping stations for the Sardar Sarovar Narmada Nigam Limited which supplies water for irrigation and drinking purpose to 4620 villages. The company's scope of the Gandikota project was completed on time. Pump model test for the metallic volute pump was successfully concluded for the Indira Sagar and Rajiv Sagar projects. The design and manufacturing of all these metallic volute pumps was completed in-house. This has enabled the business sector to offer customized and cost effective solutions to the customers. Competition is growing on account of an increasing number of multinational players. However, we are better placed in terms of price competitiveness and experience of delivering solutions in the Indian market.

## Power

This business sector was successful in the securing first Condensate Extraction and Cooling Water pump orders for the 800 Megawatt Krishnapatnam Thermal Power plant in Andhra Pradesh. We have maintained hundred percent market share in circulating water pumping systems for 800 Megawatt power plants in India. KBL also secured orders for cooling water pump package from National Thermal Power Corporation for Rihand and Vindhyachal projects. The Tiroda Power Project of Powergen Infrastructure LLC placed an order for large capacity vertical turbine pumps. This order reiterated our company's leadership position in the engineered pumps market in India. Enkay Power Systems BV from The Netherlands placed an order for Yajva power plant in the Russia. The consultant for the project is Bechtel. This is first order from Russia for the power sector. We have become part of a consortium to tap opportunities for our pumps in the global nuclear business domain. Areva has approved Kirloskar Brothers for the supply of pumps for nuclear projects in the international market. These measures will help our company in its efforts to develop nuclear business and participate in the various ongoing and forthcoming power projects in the global market.

Vertical Turbine pumps at Gandikota, Andhra Pradesh (Irrigation)



Circulating Cooling Water System at Mundra, Gujarat  
One of the largest CW Pump house in the World. (Power)



## Industry

This business sector was successful in establishing a good inflow of orders from its customers on a sustainable basis. The order secured from JSW Limited for lowest lifecycle cost (LLC) pumps is a good illustration. This sector has considerable degree of execution expertise in undertaking turnkey jobs. Significant improvement in profitability was achieved on account of sales and execution of large engineered pumps and turnkey orders. KBL has secured approval from Babaso, Austria (a reputed consultant for projects related to process plants) for their global procurement requirements. The operational process in terms of enquiry management and review mechanism has been rejuvenated for emerging opportunities.

## Oil and Gas

This business sector achieved INR 1110 Million order booking which implies growth of over 200%. The oil and gas wells located offshore were targeted for business in the fire fighting pumps. This move will assist in developing opportunities in the replacement market. KBL continues to be a major supplier of fire water pumps in oil refineries. We were successful in getting international approvals from Saipem Italy, Aramco Saudi Arabia and Forster U.S.A., opening up new opportunities for growth. Our company will tap opportunities into the oil and gas industry expansion in India through the company's FM approved and UL listed fire fighting pumps.

Innovative Chemical Process Pump - iCP (Industry)



FM approved UL listed Fire Fighting Pump Sets (Oil and Gas)





## Building and Construction

This sector has established our brand name and created awareness for the energy saving coatings in the building and construction segment. Major approvals were received from consultants and customers like Delhi Metro Railway Corporation, GVK, GMR and L&T. The advantage of using energy efficient products coupled with a good service made positive impact in the market. The demand for the products from original equipment manufacturers increased owing to the availability of products and the customer relationship management of KBL. The addition of a service partner has been appreciated by all the customers due to the prompt response and service.

## Marine and Defense

This business sector offers customized solutions to the Defense and Marine segments. In order to qualify for the business opportunities, plant approval from the Directorate General of Quality Assurance (DGQA) was obtained. We have successfully executed couple of orders for Indian Navy. The pilot order for development of Water Mist Fire Fighting project in association with Defense Research and Development Organization (DRDO) for Submarine Simulation Chamber was executed with precision. This will enable KBL to develop fire fighting business in the Navy. For on shore establishments we received a turnkey order for the Mazgaon Dock Wet Basin project. We were successful in getting a valves order including Under Water Valves with DNV certification for merchant vessels built by Mazgaon Dock.

Delhi Metro Rail Corporation delegation visit to Kirloskarvadi  
(Building and Construction)



Commissioning of water mist project at DRDO Delhi site  
(Marine and Defense)



## Domestic and Agriculture

The business highlight of this sector was that more than 75% business was done on cash and carry basis which led to efficient procurement of raw materials. We were successful in achieving 30% business growth in the domestic segment. The channel network was strengthened with an addition of more than 150 new partners, 75 new distributors and an appointment of 2500 retailers in unrepresented areas. New products developed for Punjab received an excellent response. A satisfaction survey was done on the service levels of our warehouses and the quality of service provided to our customers. Brand promotion was done in more than 4000 villages through "Road Shows" for Agricultural campaign and 75 branded delivery vehicles were launched in association with our partners. Measures such as "Strong Visibility" and "Dealer integration" were introduced. Energy Audit was undertaken in more than 10 industrial units to promote efficient use of energy. Energy worth INR 9.3 million was saved because of the exercise.

Business plans for the coming fiscal year have been chalked out with a key focus on achieving growth over the previous year. Agriculture segment is estimated to grow owing to the support received from Government programs. We will target 100% business on cash basis. Measures towards rejuvenating the supply chain by improving logistics will be initiated.

## Customer Support and Service

This business sector reinforced customer centricity with several innovative measures that were undertaken during the year 2009-10. Service centers were established at more than 75 locations for products in agriculture and domestic segments. We propose to establish service portals for 100% resolution of customer issues.

Distribution and Service Van





## Kirloskarvadi

This plant manufactures various types of small, medium and large pumps catering to various industrial sectors as well as hydel turbines. This plant also has in-house foundry facility.

Capital expenditure was incurred on account of the capacity enhancement of large pumps and allied activities. Technology up-gradation measures were undertaken for effective utilization of available energy sources with the measures like introduction of energy saving machines meant for welding applications. The foundry operations were improved with the help of a dust extraction system. Laser alignment equipment, digital readout systems and electronic weighing systems were installed for accuracy in the manufacturing operations. The plant completed significant orders from DSD Germany, HPCL, Larsen and Toubro and Tata Projects to name a few.

Kirloskarvadi factory received the OHSAS 18001 certification, National Energy Conservation Award, State level Energy Conservation Award, Greentech Award for Environment initiatives and TERI Award for corporate social responsibility initiatives. This factory undertook activities such as organizing blood donation camps, free medical check up for employees, their families and the overall community, assistance to schools and plantations as a part of the corporate social responsibility initiatives.

Our Kirloskarvadi plant completed 100 years of its existence on 10th March 2010. Functions were organized to celebrate and mark the event. Eminent personalities and society, in general, greeted Kirloskar Brothers on the occasion for its contribution towards industrialization in our country.

OHSAS 18001 Certificate



Celebrating 100 years of Kirloskarvadi, 1910-2010



## Dewas and Shirval

KBL's Dewas plant manufactures electric monobloc pumps upto 30 KW for the domestic, industrial and agriculture segments. Our Shirval factory manufactures 4 inch submersible pumps for the agriculture and domestic segments.

The manufacturing plants at Dewas and Shirval achieved a level 4 in Total Cost Maturity model by CII thus making KBL the first company in India to achieve the TCM level 4 for state-of-the-art total cost management practices and systems. The Dewas factory made a capital expenditure for enhancement in the foundry capacity up to 300 MetricTons per month. The changes in the moulding line and the mechanized sand plant equipped with highly productive dual station cold box process led to reduction in rejection rates and overall cost of casting. A component washing machine was installed for a better and remote operated metal pouring in the foundry. All these measures resulted in considerable productivity improvement. In addition the facility of air leak testing was introduced to avoid rusting and jamming of pump components. The plant registered its highest ever production of 33,012 pumps in a month.

## Kondhapuri

The Kondhapuri factory manufactures various types of valves. It has achieved considerable improvement in profitability and productivity due to cost reduction, process improvements and increase in overall equipment efficiency. The purchase of a large vertical turret lathe has resulted in capability improvement for the manufacture of large size valves up to 5 metres.

The Plant successfully completed the development and supply of various new products. We have executed prestigious orders from Water, Irrigation, Power, Defense and Marine sectors. A new tamper proof kinetic air valve was developed and field trials were successfully completed. The Integrated Management System (EMS 14001:2004 & OHSAS 18001:2007) audit was successfully concluded. The Kondhapuri manufacturing plant has been re-certified for ISO 9001:2008.

Manufacturing shop #3 commissioned at Kondhapuri for large Butterfly Valves



CII TCM Maturity Model Certificate





## Research, Development and Engineering

Standard product up-gradations and developments in various pump ranges for diverse applications were completed in the year 2009-10. Customized developments of large size horizontal split case, solid handling and vertical turbine pumps are some of the highlights of developments made in this year. For Marine application, series of Inline pumps in special metallurgy are currently under development. Company has developed water mist technology for fire fighting applications for submarine in collaboration with Defence Research Development Organization. Computational Fluid Dynamics (CFD) analysis of 27 vital projects, structural analysis of 47 critical projects and surge analysis for 6 different projects were undertaken and completed.

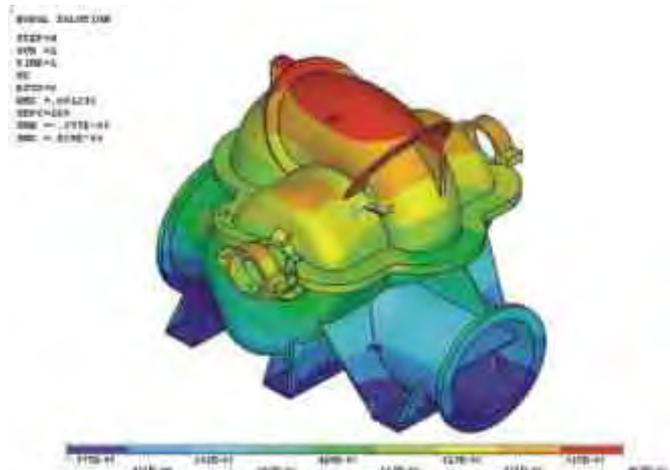
During the year our Company received 2 patents (one Indian and other from the USA) for innovations in solar controller and sump design. The sump design will help in reducing the submergence level which will help in the conservation of energy thus optimizing the energy efficiency of the pumping system.

The Solar controller helps in utilizing energy from Solar PV modules for the pumping systems as well as energy usage for general purposes.

The company launched iCP series of process pumps meant for chemical applications. The pump has zero leakage and zero maintenance as gland packing and mechanical seals are not used.

The 36th national conference on Fluid Mechanics and Fluid power was organized by Kirloskar Brothers in association with College of Engineering, Pune. The event provided a common forum for academicians, engineers and technologists. The progress made on various aspects of Fluid Mechanics and Fluid Power was discussed in detail.

X Direction Deformation Pattern in the model



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## Global Marketing and Strategy

This corporate function made a remarkable contribution towards the company's overall growth. Warehousing facilities were established at Kirloskar Brothers Europe and Kirloskar Brothers, Thailand for better supply chain management and market accessibility.

We have conducted customer perception surveys on a global scale to assess the level of customer satisfaction with our offerings. The findings of the survey are being used to make our processes more customer-centric.

KBL has also organized a global business partners meeting attended by representatives from 35 nations. KBL's brand promotion team successfully introduced the Television campaign of "Water is Life - We give life to water" advertisement on BBC.

New dealers were appointed for the geographies of Nigeria, Panama, Argentina, Indonesia, United Arab Emirates, Bangladesh, Tunisia and Saudi Arabia.

## Financial Performance

The company has achieved a growth of over 10% in net sales over the last year to reach INR 20,178 million.

Profit before tax is INR 1,730 million as against INR 982 million in the previous year.

Borrowings stood at INR 3,572 million as compared to INR 3,204 million.

Depreciation and amortization is at INR 265 million as compared to INR 207 million in the last year, while interest has increased from INR 303 million to INR 336 million.

Global Partners assembled at Kirloskarvadi,  
January 2010





## Human Resource Management

Human Resource function has aligned its initiatives with the organizational goals and discharges its responsibilities as a strategic business partner. The KBL HR team believes in nurturing the human potential and cares for them.

A robust performance management system in place encourages a qualitative dialogue focusing on individual development which nurtures performance driven culture in KBL. The human resources operating on "SMART" (Specific Measurable Achievable Realistic and Time Bound) key result areas based on Balance Score Card (BSC) method have added value and innovativeness in overall performance of the company.

Attracting people and retention was the most challenging task for the organization. Successful appointments of critical senior and middle level managers resulted into maintaining a versatile experienced work force. The attrition levels compared to previous year have been brought down through continuous dialogue and motivation.

To get the best engineers at the entry level from reputed institutes, a robust selection process was adopted. 31 Engineers were inducted from all disciplines of engineering and were imparted on the job training for one year. To strengthen the research and development function, IIT M. Tech engineers were also recruited. These initiatives have brought in a young energetic workforce with new ideas and zeal.

The overall industrial relation at all manufacturing locations were cordial and industrial peace was maintained. Amicable wage settlements were reached at two of the plant locations. The trust and sense of belongingness amongst the workmen is of high order.

HR team always continuously endeavors to make the organization learn through various training programs on soft and hard skills. To develop global competencies, potential leaders were sponsored for training at reputed management institutes abroad.

The employee engagement survey conducted in Jan 2010 has indicated overall marginal improvement over the previous year results. The response rate significantly increased to 96 % participation. The survey result shows KBL employees feel proud to be associated with our company. They are confident about bright future and have confidence that leadership will be able to manage the challenges. Freedom on the job, Safety and environment has continued to be strength areas as perceived by the employees.

The total permanent employee strength at KBL is 2374 as of March 31, 2010.

Stress Management Program



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## Corporate Social Responsibility

Business does not stand in isolation. Monetary benefits and social responsibility move simultaneously when there is a genuine consideration of impact on the communities and the environment in which the business operates. At Kirloskar Brothers, Corporate Social Responsibility means taking a responsible attitude and going beyond the mandatory obligations.

As part of our Corporate Social Responsibility we have contributed to health and safety of employees, school going children and people living in nearby villages. The highlights are:

- Training to employees on health

- Medical check ups

- Health check camps for schools

- Water filtration units to schools

- Mobile medical check facilities for villagers

## Internal Control Systems

The Company has adequate internal control systems. Internal audits are regularly carried out as per the audit calendar and audit programme drawn at the beginning of the year. This is done to examine the efficacy of the internal controls. For this purpose, the company has continued the practice of appointing professional firms of chartered accountants.

The internal audit reports are initially presented to the executive committee of the management consisting of Chairman and two whole time directors. The audit recommendations are then taken up for implementation by the executive committee.

The final audit presentation is made to the Audit Committee of the Board of Directors. During this presentation the executive committee apprises the audit committee of its plans to implement the audit recommendations.

On the basis of these reviews, the audit committee directs the management to take appropriate actions.

During the year review initiatives were taken to restructure and consolidate the branch policies and procedures to strengthen the existing controls. Similarly project procedures and ISO manuals were modified to merge the ISO requirements with project control requirements and make it into a comprehensive and consolidated single manual.

The company has also initiated internal audit reviews in its subsidiary companies.

**Cautionary Statement:** Statements in the Management Discussion and Analysis describing the company's projections and estimates are forward looking statements and progressive within the meaning of applicable security laws and regulations. Actual results may vary from those expressed or implied depending upon economic conditions, government policies and incidental factors.



## Bridging Oceans



HE Mr Mahama Vice President of Ghana



HE Bacoum, Senegal Ambassador, Ex- Senior Foreign Minister, Senegal alongwith Mr. L.H.Dabi, Vice President CIIB



HE Bacoum Senegal Ambassador and Mr Gadio Ex- Senior Foreign Minister Senegal



Panel Discussion at Global Partners Meet 2010



Malawi Minister at Kirloskarvadi



MED Chairman at Yamuna

## Exhibiting Excellence



Yamuna Inauguration



LEED Certified Platinum Rated Green Building



SIWW 2009 Singapore



Aquatech 2010 Delhi



Powergen 2009 Germany



Achema 2009 Germany



## REPORT ON CORPORATE GOVERNANCE

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

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

### 2. Board of Directors :

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

During the financial year under review, five Board meetings were held on the following dates: April 30, 2009, July 17, 2009, October 22, 2009, January 20, 2010 and March 8, 2010.

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

The details are explained in the Table below:

Name of Director	Designation / Category of Directorship @	Board Meetings attended	Attendance at last AGM	No. of other Directorships held	No. of Committees of which Member / Chairman*
Mr. Sanjay Kirloskar	CMD	5	Present	13	1/0
Mr. Gautam Kulkarni	VC/NED	5	Present	6	2/0
Mr. Vikram Kirloskar (Executive Director up to 20.01.2010)	NED	2	Present	13	4/1
Mr. M.S. Kirloskar	NED (I)	5	Present	0	0/1
Mr. S.N. Inamdar	NED (I)	5	Present	12	3/4
Mr. Rahul Kirloskar	NED	5	Present	11	1/0
Mr. R.K. Srivastava	WTD	5	Present	4	0/0
Mr. U.V. Rao	NED (I)	5	Present	4	1/2
Mr. P.S.Jawadekar	NED (I)	5	Present	3	1/0
Mr. J.R. Sapre	WTD	5	Present	4	0/0
Mr. A.N. Alawani	NED (I)	5	Present	6	3/3
Mrs. Lalita D. Gupte	NED (I)	5	Present	7	3/1
Mr. Pratap B. Shirke	NED (I)	5	Present	10	2/0

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

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

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

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

### 3. Code of Conduct :

The Company has introduced a Code of Conduct for Directors and members of Senior Management. The Code is made effective from April 1, 2005. It has been uploaded on the Company's website, www.kbl.co.in.

All Board members and senior management personnel have affirmed compliance with the code. A declaration to that effect signed by Mr. Sanjay Kirloskar, Chairman and Managing Director is appearing elsewhere in the Annual Report.

#### **4. Audit and Finance Committee :**

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

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

##### **A)**

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

##### **B)**

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

During the year, five Audit and Finance committee meetings were held on April 30, 2009, July 17, 2009, September 5, 2009, October 22, 2009 and January 20, 2010.



**Attendance at Audit and Finance Committee meetings :**

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

**5. Remuneration of Directors :**

Remuneration Committee

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

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

During the year, Remuneration Committee meetings were held on April 30, 2009 and on January 20, 2010.

**Attendance at Remuneration Committee Meetings :**

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

**Remuneration to Directors :**

- The payments made to executive directors have been reviewed by the Remuneration Committee from time to time and confirmed by the Board of Directors.
- Non Executive Directors were paid a sitting fee of Rs. 10,000/- for every meeting of the Board and Committee attended by them. Based on their membership of various committees and their time involved in the operations of the Company, the non-executive directors will be paid up to an aggregate amount of Rs. 7,025,000/- for the year ended March 31, 2010, by way of a commission.
- There are no pecuniary relationships or transactions of the non-executive directors' vis-a-vis the Company.
- All elements of remuneration package for all directors have been provided in the statement hereinafter.
- Except whatever is stated in the statement, there is no other fixed component or performance linked incentives to any director.

During the last year, under the Employees' "Share a Vision" – Stock Option Scheme, 2007 (ESOS-2007), 10,000 equity shares of Rs. 2/- each were issued and allotted to a nominee of a non executive director against stock options granted, at an Exercise price of Rs. 200/- per share.

Subject to the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the terms of the ESOS – 2007, the options granted earlier, after one year of the grant would vest in 3 annual instalments of 30%, 30% and 40% and the same should be exercisable within a period of 3 years from the date of vesting.

I. tranche of options i.e. 30% of the total options have been vested on August 31, 2008. The vesting of the II tranche (August 31, 2009) stands cancelled due to non achievement of the performance targets specified in the performance matrix.

**Details of remuneration paid/payable to Directors for the year 2009-10 are as follows :**

<b>Name of Director</b>	<b>Sitting Fees</b>	<b>Commission on Profits \$</b>	<b>Salary</b>	<b>Contribution to Statutory Funds</b>	<b>Perquisites</b>	<b>Others</b>	<b>Total</b>
	<b>(Rs.)</b>	<b>(Rs.)</b>	<b>(Rs.)</b>	<b>(Rs.)</b>	<b>(Rs.)</b>	<b>(Rs.)</b>	<b>(Rs.)</b>
<b>Executive Directors</b>							
Mr.Sanjay Kirloskar	-	25000000	6487200	1749600	1469649	-	34706449
Mr.R. K. Srivastava	-	7000000	2920000	648000	831250	-	11399250
Mr. J.R. Sapre	-	8000000	2400000	648000	760392	-	11808392
<b>Non-Executive Directors</b>							
Mr.Vikram Kirloskar (Executive Director up to 20.01.2010)	-	20205479	9924387	1406265	3129403	-	34665534
Mr. Gautam Kulkarni	140000	1150000	-	-	-	-	1290000
Mr. M. S. Kirloskar	70000	350000	-	-	-	257300*	677300
Mr. S. N. Inamdar	160000	1200000	-	-	-	250000	1610000
Mr. Rahul Kirloskar	50000	300000	-	-	-	-	350000
Mr. U. V. Rao	110000	1075000	-	-	-	-	1185000
Mr. P.S.Jawadekar	140000	1150000	-	-	-	-	1290000
Mr. A. N. Alawani	110000	450000	-	-	-	-	560000
Mrs. Lalita D. Gupte	50000	300000	-	-	-	-	350000
Mr. Pratap B. Shirke	100000	1050000	-	-	-	-	1150000

\$ subject to approval of Members

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

**Directors' Service Contracts' Details :**

<b>Executive Directors</b>	<b>Service Contract and Period</b>	<b>Severance Fees</b>
Mr.Sanjay Kirloskar	Agreement dt.19.11.2005 :: Period: 19.11.05 to 18.11.10	**
Mr.Vikram Kirloskar*	Agreement dt.26.07.2006 :: Period: 06.06.06 to 05.06.11	Nil
Mr. R. K. Srivastava	Agreement dt.22.10.2005 :: Period: 19.09.05 to 18.09.10	Nil
Mr. J. R. Sapre #	Agreement dt.28.07.2005 :: Period: 29.04.05 to 28.04.10	Nil

\*\* Three years or unexpired period, whichever is less. \* Resigned as Executive Director with effect from 20.01.2010 # Subject to shareholders approval, Board re-appointed Mr. J. R. Sapre from 29.04.10 to 31.05.12.

Statement showing number of Equity Shares of Rs.2/- each of the Company after capital reduction in terms of the scheme of arrangement, held by the present Non Executive Directors as on March 31, 2010 :

<b>Non-Executive Directors</b>	<b>No. of shares</b>	<b>% to paid up capital</b>
Mr.Gautam Kulkarni	2057912	2.594
Mr. M. S. Kirloskar	1125	0.001
Mr. S. N. Inamdar	32816	0.041
Mr. Rahul Kirloskar	2027401	2.556
Mr. Vikram S. Kirloskar	70236	0.088
Mr. U. V. Rao	—	—
Mr. P. S. Jawadekar	—	—
Mr. A. N. Alawani	7500	0.009
Mrs. Lalita D. Gupte	—	—
Mr. Pratap B. Shirke	3000	0.004



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

**Mr. Vikram S. Kirloskar**

Mr. Vikram S. Kirloskar (51) graduated from Massachusetts Institute of technology in the USA with a Bachelor of Science in Mechanical Engineering and has been trained in various Companies in India and abroad in different capacities. He is responsible for setting up successful joint venture companies like Kirloskar Toyoda Textile Machinery Pvt. Ltd. (of which he is Chairman), Toyota Kirloskar Motor Private Limited (the manufacturer of the Toyota Corolla and Toyota Qualis vehicles, of which he is the Vice Chairman) and Toyota Kirloskar Auto Parts Private Limited (of which he is the Vice Chairman). He is also the Chairman & Managing Director of Kirloskar Systems Limited. He has resigned form the position of Executive Director of the Company with effect from 20.01.2010.

**Other Directorships**

Kirloskar Industries Limited

Kirloskar Pneumatic Co. Limited

Kirloskar Proprietary Limited

Kirloskar Systems Limited

Quadrant Communications Limited

Asara Sales & Investments Private Limited

Denso Kirloskar Industries Private Limited

Kirloskar Technologies Private Limited

Kirloskar Toyoda Textile Machinery Private Limited

Toyata Kirloskar Auto Parts Private Limited

Toyota Kirloskar Motor Private Limited

VikramGeet Investments and Holdings Private Limited

Toyota Tsusho Insurance Brokers India Private Limited

Common Purpose India (Sec 25 Company)

**Other Committee positions :**

Company Name	Audit Committee	Shareholders' Grievance Committee	Remuneration Committee
Kirloskar Systems Limited	Member	—	—
Denso Kirloskar Industries Pvt. Ltd.	Member	—	Member
Kirloskar Toyoda Textile Machinery Pvt. Ltd.	Chairman	—	Member
Toyata Kirloskar Auto Parts Pvt. Ltd.	Member	—	Member
Toyata Kirloskar Motor Pvt. Ltd.	Member	—	—

He is holding 70236 (0.088%) Equity Shares of Rs. 2/- each of the Company. He is not related to any other director on the Board of the Company.

**Mr. U. V. Rao**

Mr. U. V. Rao (80), is former Managing Director and Chief Executive Officer of Larsen and Toubro Limited. He is BE in Electrical Engineering ; Post graduate from Indian Institute of Science, Bangalore in Power Engineering, Post graduate from Bombay University in Industrial Management. He has studied Advanced Management in the Harvard Business School and at Stanford University, USA. He is past President of Indian Electrical and Electronic Manufacturers Association, past Chairman CII (WR), past Honorary Counsel General for Denmark for Western India, past Chairman of Indo-Danish Business Committee, past member of Board of Governors, IIM, Ahmedabad. He is a past member Capital Goods Committee of planning Commission, past member of Development Council for Heavy Electrical Industries and Earth moving machinery, Government of India. Mr. U. V. Rao has nearly four decades of experience in Larsen and Toubro Limited and has worked in various positions in marketing, manufacturing and as Managing Director

and CEO. He has won several national & international awards.

He is a Member of Audit & Finance Committee and Committee for Scheme of Arrangement of the Company.

**Other Directorships**

Kirloskar Engines India Ltd.

TIL Ltd.

Dickinson Fowler Pvt. Ltd.

John Fowler India Pvt. Ltd.

**Other Committee positions :**

Company Name	Audit Committee	Shareholders' Grievance Committee	Remuneration Committee
TIL Limited	Chairman	—	Member
Kirloskar Engines India Limited	Chairman	—	—

He is not holding any Equity Shares of the Company. He is not related to any other director on the Board of the Company.

**Mr. M. S. Kirloskar**

Mr. M. S. Kirloskar (89) graduated from Bombay University and joined Kirloskar Brothers Limited as Assistant Editor for Kirloskar Group of publications. Gradually, he became Chief Editor and also Manager of Kirloskar Press in 1959. He served the Company for more than four decades and retired as a Vice President.

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

He is holding 1125 (0.001%) Equity Shares of Rs. 2/- each of the Company. He is not related to any other director on the Board of the Company.

**Mr. J. R. Sapre**

Mr. J. R. Sapre (65 years) has served in various positions in Kirloskar Group for more than 30 years. He started his carrier with a defence organisation in Dehradun and Joined Cummins Diesel Sales and Services in 1977. Subsequently, he served Kirloskar Cummins, Kirloskar Industries Limited (Formerly - Kirloskar Oil Engines Limited). He began his carrier with 9 years in Manufacturing and subsequently in reliability, marketing and setting up distribution network. Mr. J. R. Sapre is responsible for Industrial, agriculture and domestic pumps, valves & corporate information centre and corporate global marketing.

**Other Directorships**

Kirloskar Constructions and Engineers Ltd.,

Kirloskar Brothers International B.V., Netherlands,

Kirloskar Brothers Europe B.V.,

Kirloskar Brothers (Thailand) Ltd.

He is not holding any committee membership. He is not holding any Equity Shares of the Company. He is not related to any other director on the Board of the Company.

**7. Shareholders' / Investors' Grievance Committee :**

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

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

During the year under the report, two Investors' Grievance committee meetings were held on October 22, 2009 and March 31, 2010.

**Attendance at Investors' Grievance Committee meetings :**

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



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

Name and designation of Compliance Officer:

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

No. of Shareholders' complaints received :

The total number of complaints received and replied to the satisfaction of the Shareholders during the year ended March 31, 2010 were 19 and there were no complaints / Share transfers outstanding / Pending as on March 31, 2010.

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

## 8. General Body Meetings :

Details of last three Annual General Meetings held :

i) 87 <sup>th</sup> Annual General Meeting	July 20, 2007 : 11.00 AM Tilak Smarak Mandir, Tilak Road, Pune – 411 030.
Special resolutions passed: <ul style="list-style-type: none"> <li>• For approval of shareholders for issuing shares under Employee Stock Option Scheme to employees and Directors of the Company.</li> <li>• For approval of shareholders for issuing shares under Employee Stock Option Scheme to employees and Directors of the subsidiaries.</li> </ul>	
ii) 88 <sup>th</sup> Annual General Meeting	July 18, 2008 : 11.00 AM Tilak Smarak Mandir, Tilak Road, Pune – 411 030.
Special resolutions passed: <ul style="list-style-type: none"> <li>• For approval of shareholders for holding and continue to hold an office or place of profit in the Company as General Manager – Corporate Marketing by Mr. Alok Kirloskar, son of Mr. Sanjay C. Kirloskar, Chairman and Managing Director of the Company.</li> <li>• For approval of shareholders for increase in remuneration package for Mr. Alok Kirloskar, as General Manager – Corporate Marketing.</li> </ul>	
iii) 89 <sup>th</sup> Annual General Meeting	July 17, 2009: 11.00 A. M. Yamuna, Survey No.98(3-7), Baner, Pune - 411 045.
Special resolution passed: <ul style="list-style-type: none"> <li>• For approval of shareholders for holding and continue to hold an office or place of profit in the Company as Management Trainee – Corporate Global Marketing, Business Development and Strategy Department (CMBS) by Ms. Preeti J. Sapre, daughter of Mr. Jayant R. Sapre, Whole Time Director of the Company.</li> </ul>	
<p>In the last year, the shareholders' meeting was convened by the orders of Honourable Bombay High Court, on Saturday, November 7, 2009. At the said meeting shareholders passed resolution approving scheme of arrangement and a special resolution for capital reduction and Re-organization of Share Capital of the Company under scheme through Ballot. The Resolution approving scheme was passed with 100% majority of the members present and validly voted and Special Resolution for capital reduction and Re-organization of Share Capital of the Company was passed with 99.99% majority of the members both in number and in value.</p> <p>Mr. Jayavant Bhavé and Mr. G.G. Palekar were appointed as scrutinisers and have conducted the ballot exercise by following all applicable procedures for ballot under the rules.</p>	

## 9. Disclosures :

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

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

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

None

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

Code of Ethics.

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

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

Policy for prevention of sexual harassment at work :

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

Code of Ethics :

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

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

### **Non-Mandatory requirements :**

#### **The Board –**

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

No policy has been fixed on tenure of Independent Directors.

#### **Remuneration Committee –**

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

#### **Shareholders' Rights –**

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

#### **Audit qualifications –**

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

#### **Training of Board Members –**

The present Board of Directors is already comprised of well experienced and responsible members of the society and they themselves have represented as faculties to many training institutes.

#### **Mechanism for evaluating Non-executive Board Members –**

No specific mechanism is in place in the Company.



### **Whistle Blower Policy -**

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

### **10. Means of Communication :**

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

### **11. General Shareholder information :**

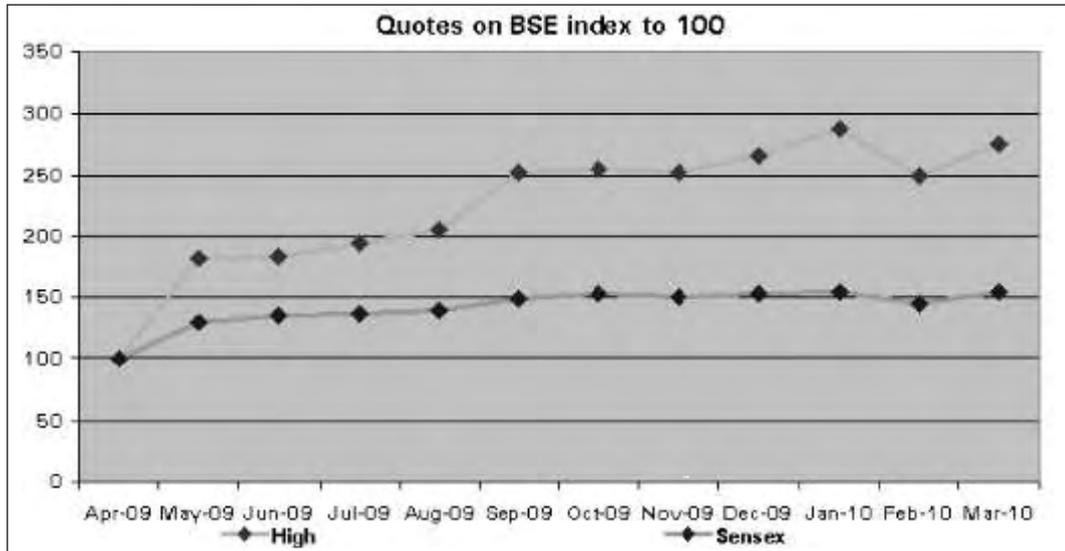
90<sup>th</sup> Annual General Meeting

Day & Date	: Tuesday, July 27, 2010
Time	: 11.00 A.M.
Venue	: "Yamuna" Survey No.98 (3-7) Baner, Pune – 411 045
Financial Year	: 1 <sup>st</sup> April to 31 <sup>st</sup> March
Dates of book closure	: Saturday, July 17, 2010 to Tuesday, July 27, 2010 (Both days inclusive)
Dividend payment date	: On or after August 12, 2010, subject to shareholders' approval
Listing on Stock Exchanges	: The Company's equity shares are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited, Mumbai
Listing fees payment	: The Annual Listing fees have been paid and there is no outstanding payment towards the stock exchanges, as on date
Stock codes / Symbol	: Bombay Stock Exchange Limited – 500241 National Stock Exchange of India Limited – KIRLOSBROS – EQ ISIN - INE732A01036

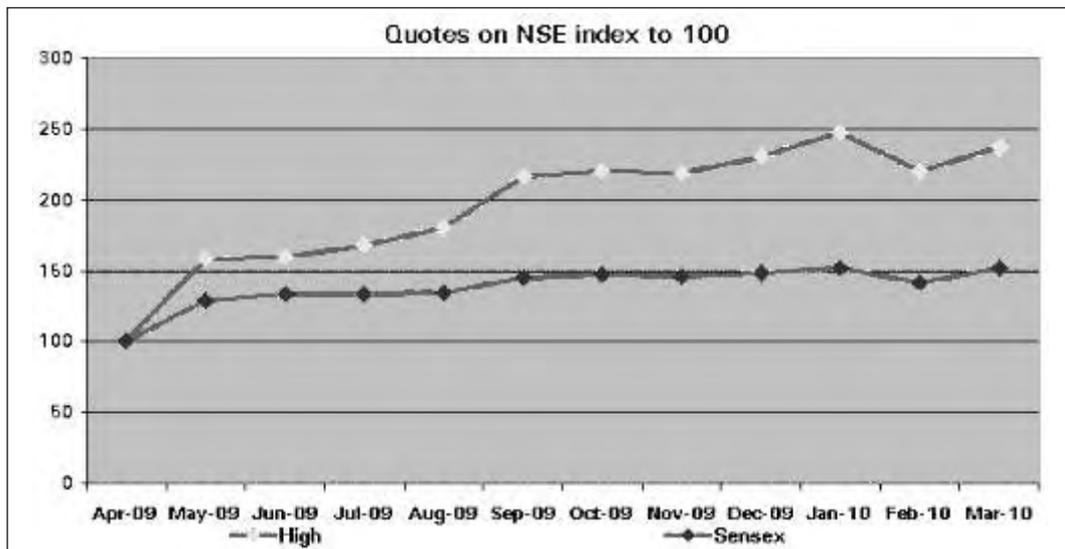
**Market Price data :**

Month	Quotations on B S E		Quotations on N S E	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2009	116.60	75.00	115.70	76.00
May 2009	181.90	96.85	183.70	98.00
June 2009	184.00	135.20	185.00	135.00
July 2009	194.96	161.75	194.45	161.35
August 2009	205.00	172.60	208.00	172.25
September 2009	252.00	185.00	251.00	187.25
October 2009	254.80	200.00	254.45	201.25
November 2009	251.70	208.50	253.00	212.00
December 2009	265.00	235.10	257.00	220.00
January 2010	287.55	233.00	286.80	232.00
February 2010	249.00	222.40	254.80	220.50
March 2010	274.90	241.90	275.00	242.00

Performance in comparison to broad based indices - BSE sensex :



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





### Registrar and Transfer Agent :

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

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

### Share transfer system :

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

Out of total paid-up share capital, 91.67% share capital is held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited as on March 31, 2010.

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

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

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

### Distribution of Shareholding as on March 31, 2010 excluding 10000 equity shares of Rs. 2/- each, kept in abeyance :

Nominal value of shares (In Rupees)		Number of holders	% to total holders	Total face value (In Rupees)	% to total face value
From	To				
1	5000	16250	92.90	11147250	7.03
5001	10000	665	3.80	4623060	2.91
10001	20000	321	1.84	4469904	2.82
20001	30000	76	0.43	1882882	1.19
30001	40000	43	0.25	1517152	0.95
40001	50000	21	0.12	949380	0.60
50001	100000	42	0.24	2824310	1.78
100001	Above	74	0.42	131232594	82.72
<b>TOTAL</b>		<b>17492</b>	<b>100.00</b>	<b>158646532</b>	<b>100.00</b>

**Shareholding Pattern as on March 31, 2010 :**

Sr. No.	Category	No. of shares	% of shareholding
<b>1</b>	<b>Promoters' Holding*</b>		
	Indian Promoters	41,016,047	51.70
	Bodies Corporate	8,341,885	10.52
<b>2</b>	<b>Non Promoters' Holding</b>		
	Mutual Funds	5,624,725	7.09
	Financial Institutions / Banks	91,143	0.11
	Insurance Companies	4,012,375	5.06
	Foreign Institutional Investors	985,134	1.24
	Private Corporate Bodies	3,282,346	4.14
	Indian Public	15,762,444	19.88
	Non Resident Indians	207,167	0.26
	<b>TOTAL</b>	<b>**79,323,266</b>	<b>100.00</b>

\*Out of Promoter's holding, 810,000 shares (1.02%) have been pledged by the Promoters or persons under Promoter Group.

\*\* Out of total paid up equity share capital of 105774355 equity shares of Rs.2/- each before the implementation of scheme of Arrangement, 10000 equity shares, are kept in abeyance and are not considered for reduction purpose under the scheme, for the want of certain procedural compliances.

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

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

**Plant locations :**

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

**Investor Contacts :**

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



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

## DECLARATION FOR COMPLIANCE WITH CODE OF CONDUCT

To the members of **KIRLOSKAR BROTHERS LIMITED**

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

For Kirloskar Brothers Limited

**Sanjay Kirloskar**

Chairman and Managing Director

Pune : May 20, 2010

## CERTIFICATE

To the members of **KIRLOSKAR BROTHERS LIMITED**

We have examined the compliance of conditions of Corporate Governance by **KIRLOSKAR BROTHERS LIMITED** for the year ended on 31<sup>st</sup> March 2010, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges.

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

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

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

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

**Pankaja Bhagwat**

Partner

Membership No. 86155

Firm's Registration No: 101118W

Pune : May 20, 2010

## AUDITORS' REPORT TO THE MEMBERS OF KIRLOSKAR BROTHERS LIMITED

1. We have audited the attached balance sheet of **Kirloskar Brothers Limited** as at 31<sup>st</sup> March, 2010, the profit and loss account and also the cash flow statement of the company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 [as amended by Companies (Auditor's Report) (Amendment) Order, 2004] issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that:
  - (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) in our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
  - (iii) the balance sheet, the profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - (iv) in our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (v) on the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2010, and taken on record by the board of directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - (vi) in our opinion and to the best of our information and according to the explanations given to us, the accounts, read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) in the case of the balance sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2010;
    - (b) in the case of the profit and loss account of the profit for the year ended on that date;
    - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

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

**Pankaja Bhagwat**  
Partner

Membership No.: 86155

Firm's Registration No: 101118W

Pune: April 26, 2010



## **ANNEXURE**

### **Re: Kirloskar Brothers Limited**

Referred to in paragraph 3 of our report of even date

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

statutory dues were in arrears, as at 31<sup>st</sup> March, 2010 for a period of more than six months from the date they became payable.

- (b) According to information and explanation given to us, there are no dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute other than those mentioned in the Appendix to this report.
- (x) The company has no accumulated losses as at 31<sup>st</sup> March, 2010. The company has not incurred cash losses during the financial year and in the immediately preceding financial year.
- (xi) In our opinion and according to information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank. The company has no debenture holders.
- (xii) According to information and explanation given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4 (xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiii) In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) According to information and explanation given to us, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) In our opinion, the terms and conditions on which the company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the company.
- (xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to information and explanation given to us, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to information and explanation given to us, the company has not made any preferential allotment of any shares to parties and companies covered under section 301 of the Companies Act, 1956.
- (xix) According to information and explanation given to us, the company has not issued any debentures. Accordingly, the provisions of clause 4 (xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xx) According to information and explanation given to us, the company has not made any public issue to raise money. Accordingly, the provisions of clause 4 (xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xxi) According to information and explanation given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

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

**Pankaja Bhagwat**  
Partner

Membership No.: 86155

Firm's Registration No: 101118W

Pune : April 26, 2010



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

<b>Sr. No.</b>	<b>Name of the Statute</b>	<b>Nature of Dues</b>	<b>Rs. in million</b>	<b>Forum where dispute is pending</b>
1	The Central Sales Tax Act, 1956	Central Sales Tax	0.24 0.69 9.70	Additional Commissioner Deputy Commissioner Assistant Commissioner
2	Sales Tax acts of respective States	State Sales Tax	1.55 67.47 0.81 0.17 8.37	A. P. tribunal State High courts Appellate Deputy Commissioner Appellate Assistant Commissioner Assistant Commissioner
3	Central Excise Act, 1944	Excise duty	1.13 21.73 2.22 2.68 1.66 1.22	Delhi Tribunal Commissioner Joint Commissioner Additional Commissioner Deputy Commissioner Assistant Commissioner
4	The Income Tax Act, 1961	Income tax	522.43	Commissioner of Income tax (Appeals)

## BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	2010 Rupees	2009 Rupees
<b>SOURCES OF FUNDS :</b>			
<b>Shareholders' Funds</b>			
Capital	1	158,666,532	211,528,710
Reserves and Surplus	2	6,905,153,824	6,787,799,285
Employee Stock Options outstandings		76,990,608	121,855,582
Less : Deferred employee compensation expense		<u>7,049,214</u>	<u>29,787,458</u>
		<b>69,941,394</b>	<b>92,068,124</b>
		<b>7,133,761,750</b>	<b>7,091,396,119</b>
<b>Loan Funds</b>			
Secured Loans	3	774,286,994	1,808,661,549
Unsecured Loans	4	<u>2,798,099,225</u>	<u>1,395,682,632</u>
		<b>3,572,386,219</b>	<b>3,204,344,181</b>
<b>Deferred Tax-net</b>	5	<u>79,525,041</u>	<u>65,086,267</u>
<b>Total</b>		<b>10,785,673,010</b>	<b>10,360,826,567</b>
<b>APPLICATION OF FUNDS :</b>			
<b>Fixed Assets</b>			
Gross Block	6	4,250,686,221	3,349,492,805
Less: Depreciation		<u>1,537,955,989</u>	<u>1,298,156,225</u>
Net Block		<b>2,712,730,232</b>	<b>2,051,336,580</b>
Capital work-in-progress including capital advances		<u>213,978,175</u>	<u>704,733,584</u>
		<b>2,926,708,407</b>	<b>2,756,070,164</b>
<b>Intangible Assets</b>			
Gross Block	7	99,438,292	87,657,961
Less: Amortization		<u>85,524,778</u>	<u>77,713,190</u>
Net Block		<b>13,913,514</b>	<b>9,944,771</b>
<b>Investments</b>	8	<b>1,902,989,166</b>	<b>3,383,750,571</b>
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	9	1,790,311,801	1,556,655,133
Gross amount due from customers for project related contract work	10	2,570,500,409	2,244,317,546
Sundry debtors	11	5,997,515,281	6,126,484,258
Cash and bank balances	12	965,908,313	99,949,039
Other current assets	13	648,483,016	437,059,763
Loans and advances	14	<u>3,969,342,427</u>	<u>3,238,063,251</u>
		<b>15,942,061,247</b>	<b>13,702,528,990</b>
<b>Less: Current Liabilities &amp; Provisions</b>			
Current Liabilities	15	8,548,384,664	8,292,534,699
Gross amount due to customers for project related contract work	16	708,009,373	681,146,885
Provisions	17	<u>743,605,287</u>	<u>517,786,345</u>
		<b>9,999,999,324</b>	<b>9,491,467,929</b>
Net Current Assets		<b>5,942,061,923</b>	<b>4,211,061,061</b>
<b>Total</b>		<b>10,785,673,010</b>	<b>10,360,826,567</b>
<b>Notes to Accounts</b>	25		

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

As per our report of even date attached

For and on behalf of the Board of Directors

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

**SANJAY KIRLOSAR**  
Chairman & Managing Director

**S. N. INAMDAR**  
Director

**PANKAJA BHAGWAT**  
Partner

**G. P. KULKARNI**  
Company Secretary

**A. R. SATHE**  
Vice President (Finance)

PUNE : April 26, 2010

PUNE : April 26, 2010



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

	Schedule	2010 Rupees	2009 Rupees
<b>INCOME</b>			
Sales	18	20,178,370,074	18,309,447,980
Other income	19	479,471,733	359,135,347
<b>Total</b>		<b>20,657,841,807</b>	<b>18,668,583,327</b>
<b>EXPENDITURE</b>			
Materials consumed	20	14,986,907,001	13,999,547,928
Payments and benefits to employees	21	895,284,067	943,816,573
Operating and other expenses	22	2,447,688,216	2,237,392,425
Interest	23	335,636,561	303,200,468
Depreciation and amortization		264,766,724	207,350,133
		<b>18,930,282,569</b>	<b>17,691,307,527</b>
Less: Expenses capitalized		2,057,060	4,927,376
<b>Total</b>		<b>18,928,225,509</b>	<b>17,686,380,151</b>
<b>Profit/(Loss) before tax</b>		<b>1,729,616,298</b>	<b>982,203,176</b>
Provision for tax	24	554,438,774	311,916,578
<b>Profit/(Loss) after tax</b>		<b>1,175,177,524</b>	<b>670,286,598</b>
Balance brought forward from previous year		529,687,717	506,879,134
<b>Profit available for appropriation</b>		<b>1,704,865,241</b>	<b>1,177,165,732</b>
<b>Appropriations</b>			
Proposed dividend		436,319,213	211,528,710
Additional tax on dividend		63,486,460	35,949,305
Transfer to General Reserve		300,000,000	400,000,000
<b>Surplus carried to Balance Sheet</b>		<b>905,059,568</b>	<b>529,687,717</b>
		<b>1,704,865,241</b>	<b>1,177,165,732</b>
Basic Earning per Equity Share (Refer Note No.12)		14.81	6.34
Diluted Earning per Equity Share (Refer Note No.12)		14.81	6.34

**Notes to Accounts**

25

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

As per our report of even date attached

For and on behalf of the Board of Directors

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

**SANJAY KIRLOSKAR**  
Chairman & Managing Director

**S. N. INAMDAR**  
Director

**PANKAJA BHAGWAT**  
Partner

**G. P. KULKARNI**  
Company Secretary

**A. R. SATHE**  
Vice President (Finance)

PUNE : April 26, 2010

PUNE : April 26, 2010

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	2010 Rupees	2009 Rupees
<b>A. Cash flow from operating activities</b>		
Net profit before taxation and extraordinary items	1,729,616,298	982,203,176
Adjustments for		
Depreciation and amortization	264,766,724	207,350,133
(Profit) / loss on sale of fixed assets	(472,646)	(983,694)
Employees Stock Option - Compensation debited / (credited) to Profit and Loss Account ( Net )	(19,518,730)	48,033,482
Provision for doubtful debts and advances	81,704,587	70,609,776
Interest income	(36,720,128)	(101,943,584)
Dividend income	(83,435,333)	(145,191,738)
Interest expenses	335,636,561	303,200,468
Investment written off	500,000	-
Unrealised exchange (gain) / Loss	16,559,956	(13,556,421)
Profit on sale of investment	(224,793,816)	-
Operating profits before working capital changes	2,063,843,473	1,349,721,598
(Increase)/decrease in trade and other receivables	(867,718,911)	(2,487,101,162)
(Increase)/decrease in inventories	(233,656,668)	(226,769,049)
Increase/(decrease) in sundry creditors	231,657,573	1,788,333,088
Cash generated from operations	1,194,125,467	424,184,475
Income tax (paid) /refunded	(888,321,595)	(292,878,843)
<b>Net cash from operating activities</b>	305,803,872	131,305,632
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets	(441,340,564)	(1,022,765,402)
Proceeds from sale of fixed assets	2,439,500	5,646,013
(Purchase)/Sale of investments	1,089,567,731	89,196,736
Interest received	73,510,847	104,210,047
Dividends received	33,373,433	141,577,338
Advance to subsidiaries	(37,474,035)	(628,364,767)
<b>Net cash from investing activities</b>	720,076,912	(1,310,500,035)
<b>C. Cash flow from financing activities</b>		
(Repayment)/proceeds of/from long term borrowings (net)	1,742,093,735	676,705,456
(Repayment)/proceed of/from other borrowings (net)	(1,339,963,254)	615,600,791
Interest paid	(306,147,399)	(298,642,337)
Dividends paid	(207,624,262)	(414,907,037)
Tax on dividend paid	(35,949,305)	(71,898,609)
Increase in Share Capital	20,000	-
Increase in Share Premium	1,980,000	-
<b>Net cash used in financing activities</b>	(145,590,485)	506,858,264
<b>Unrealised exchange gain / (loss) in cash and cash equivalents</b>	(14,331,025)	13,556,421
<b>Net increase in cash and cash equivalents</b>	880,290,299	(672,336,139)
<b>Cash and cash equivalents at the beginning of the year</b>	99,949,039	758,728,757
<b>Cash and cash equivalents at the end of the year</b>	965,908,313	99,949,039

As per our report of even date attached

For and on behalf of the Board of Directors

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

**SANJAY KIRLOSKAR**  
Chairman & Managing Director

**S. N. INAMDAR**  
Director

**PANKAJA BHAGWAT**  
Partner

**G. P. KULKARNI**  
Company Secretary

**A. R. SATHE**  
Vice President (Finance)

PUNE : April 26, 2010

PUNE : April 26,2010



## SCHEDULE TO THE ACCOUNTS

	2010 Rupees	2009 Rupees
<b>SCHEDULE 1: SHARE CAPITAL *</b>		
<b>Authorized</b>		
250,000,000 ( 250,000,000 ) equity shares of Rs.2/- (Rs.2/-) each	<b>500,000,000</b>	500,000,000
	<b>500,000,000</b>	500,000,000
<b>Issued</b>		
79,323,266 (105,907,030) equity shares of Rs.2/- each (Rs.2/-) each (after capital reduction, as per scheme of arrangement)	<b>158,646,532</b>	211,814,060
10,000 (-) equity shares of Rs.2/- each** (Rs.2/-) each	<b>20,000</b>	-
	<b>158,666,532</b>	211,814,060
<b>Subscribed and paid up</b>		
79,323,266 (105,764,355) equity shares of Rs.2/- each (Rs.2/-) each	<b>158,646,532</b>	211,528,710
10,000 (-) equity shares of Rs.2/- each ** (Rs.2/-) each	<b>20,000</b>	-
	<b>158,666,532</b>	211,528,710
Out of the above		
(i) 123,750 (165,000) equity shares of Rs.2/- (Rs.2/-) each were allotted as fully paid up pursuant to contract for consideration other than cash.		
(ii) 66,374,981 (88,499,975) shares of Rs.2/- (Rs.2/-) each were allotted as fully paid up bonus shares by capitalisation of General Reserve and Share Premium		
(iii) Nil (52,694,805) shares of Rs.2/- (Rs.2/-) each held by Better Value Holdings Pvt. Limited , the erstwhile holding Company.		
	<b>158,666,532</b>	211,528,710
	<b>158,666,532</b>	211,528,710
* [Refer note no. B - 31]		
** kept in abeyance [Refer note no. B - 31]		
<b>SCHEDULE 2 : RESERVES AND SURPLUS</b>		
Capital Reserve	<b>172,443</b>	172,443
Capital Redemption Reserve	<b>4,000,000</b>	4,000,000
Share Premium Account		
Balance as per last account	<b>395,881,752</b>	395,881,752
Add: Premium on shares issued during the year	<b>4,588,000</b>	-
	<b>400,469,752</b>	395,881,752
General Reserve		
Balance as per last account	<b>5,858,057,373</b>	5,458,057,373
Less : Transfer as per scheme of arrangement [Refer Note No - B - 31]	<b>615,487,490</b>	-
Add : Reduction in capital as per scheme of arrangement [Refer Note No - B - 31]	<b>52,882,178</b>	-
Add : Transfer from Profit and Loss Account	<b>300,000,000</b>	400,000,000
	<b>5,595,452,061</b>	5,858,057,373
Profit and Loss Account	<b>905,059,568</b>	529,687,717
	<b>6,905,153,824</b>	6,787,799,285

## SCHEDULE TO THE ACCOUNTS (CONTD.)

	2010 Rupees	2009 Rupees
<b>SCHEDULE 3 : SECURED LOANS</b>		
Loans and advances from banks		
Cash / Export Credit facilities	<b>323,243,747</b>	1,663,207,001
[Secured by hypothecation of tangible movable assets and book debts of the Company]		
Other loans and advances		
External Commercial Borrowing from		
Credit Agricole Corporate & Investment Bank	<b>451,043,247</b>	-
[Secured by hypothecation of movable fixed assets and mortgage of immovable properties of the Company (both present and future)].		
From Exim bank	-	145,454,548
[Secured by hypothecation of movable fixed assets and mortgage of immovable properties of the Company (both present and future)].		
	<u><b>774,286,994</b></u>	<u>1,808,661,549</u>
<b>SCHEDULE 4 : UNSECURED LOANS</b>		
Interest free loan under Sales Tax Deferral Scheme	<b>55,462,632</b>	55,462,632
Inter Corporate Deposits	-	40,000,000
Short Terms Loans and advances from Banks :		
Foreign Currency Short term Loans and advances	<b>1,942,636,593</b>	230,220,000
Rupee Short term Loans and advances	<b>800,000,000</b>	1,070,000,000
	<u><b>2,798,099,225</b></u>	<u>1,395,682,632</u>
<b>SCHEDULE 5 : DEFERRED TAX-NET</b>		
Deferred Tax Liabilities		
On depreciation/amortization of fixed assets	<b>182,502,323</b>	165,499,236
	<b>182,502,323</b>	165,499,236
Deferred tax assets		
On employees voluntary retirement schemes	<b>65,107</b>	441,770
On provision for doubtful debts/advances	<b>64,439,710</b>	47,465,723
Provision for employee benefits	<b>36,880,796</b>	50,669,592
Other timing differences	<b>1,591,669</b>	1,835,884
	<u><b>102,977,282</b></u>	<u>100,412,969</u>
	<u><b>79,525,041</b></u>	<u>65,086,267</u>



## SCHEDULE TO THE ACCOUNTS (CONTD.)

### SCHEDULE 6 : FIXED ASSETS

								Rupees
	Land Free/ Lease Hold	Buildings	Railway Siding	Plant & Machinery	Furniture & Fittings	Vehicles	Total	Previous Year
<b>Gross Block</b>								
At 01.04.2009	209,902,536	620,999,330	1,536,325	2,384,551,435	79,250,104	53,253,075	<b>3,349,492,805</b>	2,743,820,288
Additions	-	398,030,725	-	476,974,157	33,313,127	11,997,633	<b>920,315,642</b>	636,678,036
Deductions	-	-	-	17,365,086	469,444	1,287,696	<b>19,122,226</b>	31,005,519
<b>At 31.03.2010</b>	<b>209,902,536</b>	<b>1,019,030,055</b>	<b>1,536,325</b>	<b>2,844,160,506</b>	<b>112,093,787</b>	<b>63,963,012</b>	<b>4,250,686,221</b>	3,349,492,805
<b>Depreciation / Amortization</b>								
At 01.04.2009	-	85,528,841	1,424,830	1,151,300,293	36,038,276	23,863,985	<b>1,298,156,225</b>	1,124,758,974
For the year	-	22,022,410	35,652	220,264,159	9,723,277	4,909,638	<b>256,955,136</b>	199,740,451
Recouped	-	-	-	16,405,257	136,326	613,789	<b>17,155,372</b>	26,343,200
<b>At 31.03.2010</b>	<b>-</b>	<b>107,551,251</b>	<b>1,460,482</b>	<b>1,355,159,195</b>	<b>45,625,227</b>	<b>28,159,834</b>	<b>1,537,955,989</b>	1,298,156,225
<b>Net Block</b>								
<b>At 31.03.2010</b>	209,902,536	911,478,804	75,843	1,489,001,311	66,468,560	35,803,178	<b>2,712,730,232</b>	2,051,336,580
<b>Assets under Erections including capital advances</b>							<b>213,978,175</b>	704,733,584
<b>At 31.03.2010</b>	<b>209,902,536</b>	<b>911,478,804</b>	<b>75,843</b>	<b>1,489,001,311</b>	<b>66,468,560</b>	<b>35,803,178</b>	<b>2,926,708,407</b>	2,756,070,164
At 31.03.2009	209,902,536	535,470,489	111,495	1,233,251,142	43,211,828	29,389,090	2,051,336,580	

	2010 Rupees	2009 Rupees
<b>SCHEDULE 7: INTANGIBLE ASSETS - COMPUTER SOFTWARE</b>		
<b>Gross Block</b>		
At 01.04.2009	<b>87,657,961</b>	83,947,687
Additions	<b>11,780,331</b>	3,710,274
Deductions	-	-
<b>At 31.03.2010</b>	<b>99,438,292</b>	87,657,961
<b>Amortization</b>		
At 01.04.2009	<b>77,713,190</b>	70,103,508
For the year	<b>7,811,588</b>	7,609,682
Recouped	-	-
<b>At 31.03.2010</b>	<b>85,524,778</b>	77,713,190
<b>Net Block At 31.03.2010</b>	<b>13,913,514</b>	9,944,771

## SCHEDULE TO THE ACCOUNTS (CONTD.)

	2010 Rupees	2009 Rupees
<b>SCHEDULE 8 : INVESTMENTS</b>		
<b>Long Term Investments (At cost)</b>		
<b>A. Trade</b>		
<b>Quoted</b>		
Nil (73,903,270) equity shares of Rs.2/- each in Kirloskar Industries Ltd. * (formerly - Kirloskar Oil Engines Ltd.)	-	404,980,851
Nil (4,547,254) equity shares of Rs. 10/- each in Kirloskar Pneumatic Company Ltd. *	-	125,655,633
	-	530,636,484
<b>Unquoted</b>		
2 (2) equity share of Rs.100/- each in Kirloskar Proprietary Ltd.	200	200
Nil (1,272) ordinary shares of K. Sh. 1,000/- each in Kirloskar Kenya Ltd.*	-	850,662
225,000 (225,000) equity shares of Rs. 10/- each in Kirloskar Ebara Pumps Ltd.	2,747,272	2,747,272
Nil (112,500) equity shares of Singapore \$ 1/- each in Kirsons Trading Pte Ltd. *	-	2,525,731
	2,747,472	6,123,865
<b>B. Other than trade</b>		
<b>Quoted</b>		
Nil (400) equity shares of Rs. 10/- each in Housing Development Finance Corporation Ltd. *	-	9,500
Nil (1,081 ) equity shares of Rs. 10/- each in I C I C I Bank Ltd. *	-	100,000
Nil (60,000) equity shares of Rs. 5/- each in Kulkarni Power Tools Ltd. *	-	301,500
	-	411,000
<b>Unquoted</b>		
Nil (1) equity share of Rs. 50/- each in Maharashtra State Co-operative Bank Ltd. *	-	53
Nil (100) equity shares of Rs. 5,000/- each in Kranti Sahakari Sakhar Karkhana Ltd. *	-	500,000
Nil (2,597,760) equity shares of Rs.10/- each in Kirloskar Toyoda Textile Machinery Ltd. *	-	26,107,490
	-	26,607,543



**SCHEDULE TO THE ACCOUNTS (CONTD.)**

	2010 Rupees	2009 Rupees
<b>C. In Subsidiary Companies</b>		
<b>Unquoted</b>		
<b>Fully Paid Up</b>		
Nil (3,445,477) equity shares of Rs.10/- each in Pooja Credits Private Ltd. *	-	34,454,770
Nil (1,950,000) equity shares of GBP 1/- each in SPP Pumps Ltd. **	-	149,226,964
Nil (2,000,130) equity shares of Rs. 10/- each in Kirloskar Silk Industries Ltd. *	-	20,001,300
16,150,002 (6,150,002 ) equity shares of Rs. 10/- each in Kirloskar Constructions and Engineers Ltd.	<b>713,300,000</b>	613,300,000
40,160 (40,160) equity shares of Rs. 100/- each in Gondwana Engineers Ltd.	<b>76,360,000</b>	76,360,000
16,311,083 (16,311,083) equity shares of Rs. 1/- each in The Kolhapur Steel Ltd.	<b>93,843,591</b>	93,843,591
90,375 (24,000) equity shares of Rs. 10/- each in Quadromatic Engineering Pvt. Ltd.	<b>30,130,888</b>	240,000
29,358 (10,472) equity shares of Rs. 100/- each in Hematic Motors Pvt. Ltd.	<b>217,371,299</b>	10,446,862
23,370 (8,325) equity shares of Rs. 100/- each in Pressmatic Electro Stampings Pvt. Ltd.	<b>266,918,468</b>	4,281,802
3,250,000 (2,500,000) equity shares of Rs. 10/- each in Kirloskar Corrocoat Pvt. Ltd.	<b>94,000,000</b>	25,000,000
1,000 (-) ordinary equity shares of Euro 100/- each in Kirloskar Brothers International B V	<b>374,020,780</b>	-
1,000,000 fully paid (1,000,000 partly paid) common shares of Baht 10/- each in Kirloskar Brothers (Thailand) Ltd.	<b>13,288,951</b>	3,209,673
<b>Partly Paid up</b>		
2,000 (2,000 ) ordinary equity shares of Euro 100/- each in Kirloskar Brothers International B V [Amount paid per share Euro 80 (Euro 70) each]	<b>10,007,717</b>	8,606,717
* [Refer note No B - 31]		
** [Refer note No B-34]	<b>1,889,241,694</b>	1,038,971,679
<b>D. Government Securities</b>		
<b>Unquoted</b>		
Nil (88,000 ) Non Convertible Redeemable Taxable Bonds - Series -VI of Rs.10,000/- each of Rural Electrification Corporation Ltd.	-	880,000,000
Nil (89,000) Non Convertible Redeemable Taxable Bonds - of Rs.10,000/- each of National Highways Authority of India.	-	890,000,000
	-	1,770,000,000
<b>E. Other Investment</b>		
353,737 (350,685) Units of Rs. 20/- each of HDFC Group Unit Linked Option Plan B	<b>11,000,000</b>	11,000,000
	<b>1,902,989,166</b>	3,383,750,571
Aggregate amount of quoted investments	-	531,047,484
Market value	-	4,924,683,428
Aggregate amount of unquoted investments	<b>1,902,989,166</b>	2,852,703,087

## SCHEDULE TO THE ACCOUNTS (CONTD.)

	2010 Rupees	2009 Rupees
<b>SCHEDULE 9 : INVENTORIES</b>		
Raw materials and components	502,639,127	587,376,486
Stores and spares	34,081,527	38,453,275
Work-in-progress	1,036,813,733	689,028,964
Finished goods	216,777,414	241,796,408
	<u>1,790,311,801</u>	<u>1,556,655,133</u>
<b>SCHEDULE 10 : GROSS AMOUNT DUE FROM CUSTOMERS FOR PROJECT RELATED CONTRACT WORK</b>		
Cost incurred plus recognized profits less recognized losses	34,952,619,379	26,107,504,191
Less: Progress billing	32,382,118,970	23,863,186,645
	<u>2,570,500,409</u>	<u>2,244,317,546</u>
<b>SCHEDULE 11 : SUNDRY DEBTORS</b>		
<b>Debts outstanding for a period exceeding six months</b>		
Unsecured, considered good	1,757,481,051	1,722,506,860
<b>Considered doubtful</b>	<b>184,321,649</b>	<b>129,977,452</b>
<b>Other debts</b>		
Unsecured, considered good	4,240,034,230	4,403,977,398
	<u>6,181,836,930</u>	<u>6,256,461,710</u>
Less: Provision for doubtful debts	184,321,649	129,977,452
	<u>5,997,515,281</u>	<u>6,126,484,258</u>
<b>SCHEDULE 12 : CASH AND BANK BALANCES</b>		
Cash on hand	1,268,855	934,370
Balances with scheduled banks		
On current accounts	453,752,438	92,661,428
On deposit accounts	5,500,000	6,225,000
Balances with other banks		
On current accounts	2,381,679	128,241
On deposit accounts	503,005,341	-
	<u>965,908,313</u>	<u>99,949,039</u>

Names of other banks	Current / Deposit account	Maximum balance
<b>On current accounts</b>		
Bank Atlantic - USA	564,668	1,908,200
Previous year	(128,241)	(3,114,363)
Vietcom Bank	329,422	2,369,108
Previous year	(-)	(-)
Societe Arabe Internationale De Banque Egypt	1,165,986	137,735,608
Previous year	(-)	(-)
Credit Agricole Corporate & Investment Bank	321,603	230,231,764
Previous year	(-)	(-)
<b>On deposit accounts</b>		
Societe Arabe Internationale De Banque Egypt	52,005,341	52,005,341
Previous year	(-)	(-)
Credit Agricole Corporate & Investment Bank	451,000,000	451,000,000
Previous year	(-)	(-)



## **SCHEDULE TO THE ACCOUNTS (CONTD.)**

	2010 Rupees	2009 Rupees
<b>SCHEDULE 13 : OTHER CURRENT ASSETS</b>		
Interest accrued on investments	2,195,054	38,985,773
Dividend due from subsidiary companies	54,077,900	4,016,000
Claims receivable	592,210,062	394,057,990
	<u>648,483,016</u>	<u>437,059,763</u>
<b>SCHEDULE 14 : LOANS AND ADVANCES</b>		
Unsecured considered good		
Advances and loans to subsidiaries	727,521,252	690,047,217
Advances recoverable in cash or kind or for value to be received	1,793,133,076	1,934,276,003
Considered doubtful	9,668,689	9,668,689
Balances with customs, excise, etc.	369,279	850,416
Deposit with railways, post and others	1,072,565,033	585,457,423
Advance Income tax (net of Provision for tax)	375,753,787	27,432,192
	<u>3,979,011,116</u>	<u>3,247,731,940</u>
Less: Provision	9,668,689	9,668,689
	<u>3,969,342,427</u>	<u>3,238,063,251</u>
<b>SCHEDULE 15 : CURRENT LIABILITIES</b>		
Acceptances	12,651,080	81,637,916
Sundry Creditors		
(i) Total outstanding dues to Micro Small and Medium Enterprises (Refer Note no B - 15)	-	-
(ii) Total outstanding dues of other creditors other than Micro Small and Medium Enterprises	5,511,600,071	5,837,628,090
	<u>5,511,600,071</u>	<u>5,837,628,090</u>
Subsidiary companies	285,226,349	218,812,780
Advances and deposits from customers	2,552,387,233	2,032,953,297
Items covered by Investor Education and Protection Fund		
(a) Unpaid dividend	48,591,516	44,687,068
(b) Unpaid Matured Deposits	516,000	913,000
Other liabilities	80,399,289	48,378,584
Interest accrued but not due on loans and advances	57,013,126	27,523,964
	<u>8,548,384,664</u>	<u>8,292,534,699</u>
<b>SCHEDULE 16 : GROSS AMOUNT DUE TO CUSTOMERS FOR PROJECT RELATED CONTRACT WORK</b>		
Progress billing	7,525,237,830	6,364,273,849
Less: Cost incurred plus recognized profits less recognized losses	6,817,228,457	5,683,126,964
	<u>708,009,373</u>	<u>681,146,885</u>

## SCHEDULE TO THE ACCOUNTS (CONTD.)

	2010 Rupees	2009 Rupees
<b>SCHEDULE 17 : PROVISIONS</b>		
Proposed dividend	436,319,213	211,528,710
Additional tax on dividend	63,486,460	35,949,305
Provision for product warranties	43,387,708	31,856,656
Provision for leave encashment	183,971,128	219,193,903
Provision for pension benefits (Ex-employees)	16,440,778	19,257,771
	<u>743,605,287</u>	<u>517,786,345</u>
<b>SCHEDULE 18 : SALES AND CONTRACT REVENUE</b>		
Sales (Gross)	10,445,666,223	10,158,965,921
Less: Excise duty recovered	383,203,278	577,912,640
	<u>10,062,462,945</u>	<u>9,581,053,281</u>
Project related revenue	10,115,907,129	8,728,394,699
	<u>20,178,370,074</u>	<u>18,309,447,980</u>
<b>SCHEDULE 19 : OTHER INCOME</b>		
Income from investments		
Interest from long term Investments		
[Tax deducted at source Rs.Nil (Rs.Nil)]	36,720,128	100,845,915
Dividend income		
(a) Trade investment	23,963,700	125,903,748
(b) Subsidiaries	54,077,900	19,176,099
(c) Other investments - long term	5,393,733	111,891
Profit on sale of investments	224,793,816	-
Other Interest Received [(Tax Deducted Rs. Nil (Rs. 284,786/- )]	-	1,097,669
Profit on sale of fixed assets	1,454,128	3,802,079
Royalty received	643,505	1,334,443
House rent	743,217	752,868
Recovery of bad debts	77,085,738	51,449,253
Miscellaneous income	54,595,868	54,661,382
	<u>479,471,733</u>	<u>359,135,347</u>
<b>SCHEDULE 20 : MATERIALS CONSUMED</b>		
Raw materials consumed	9,388,550,833	8,817,342,405
Stores and spares consumed	363,008,800	372,510,773
Processing charges	321,524,806	295,920,126
Purchase of traded goods	5,236,588,337	4,765,472,081
	<u>15,309,672,776</u>	<u>14,251,245,385</u>
<b>(Increase) / Decrease in stocks</b>		
Opening stock		
Work-in-progress	689,028,964	456,663,554
Finished goods	241,796,408	222,464,361
	<u>930,825,372</u>	<u>679,127,915</u>
Closing stock		
Work-in-progress	1,036,813,733	689,028,964
Finished goods	216,777,414	241,796,408
	<u>1,253,591,147</u>	<u>930,825,372</u>
	<u>(322,765,775)</u>	<u>(251,697,457)</u>
	<u>14,986,907,001</u>	<u>13,999,547,928</u>



## **SCHEDULE TO THE ACCOUNTS (CONTD.)**

	2010 Rupees	2009 Rupees
<b>SCHEDULE 21 : PAYMENTS AND BENEFITS TO EMPLOYEES</b>		
Salaries, wages and bonus	766,748,690	848,551,428
Contribution to provident fund and E.S.I.	50,678,337	43,120,522
Gratuity	10,256,965	(11,464,808)
Welfare expenses	68,407,068	59,273,910
Pension Benefits	(806,993)	4,335,521
	<u>895,284,067</u>	<u>943,816,573</u>
<b>SCHEDULE 22: OPERATING AND OTHER EXPENSES</b>		
Power & fuel	118,627,103	134,006,775
Repairs and maintenance		
Plant and machinery	78,668,325	72,670,281
Buildings	85,397,277	35,704,584
Rent	43,294,796	47,467,732
Rates and taxes	11,016,724	8,364,155
Travel and conveyance	229,118,034	236,536,638
Postage and telephone	45,581,194	43,997,577
Insurance	120,150,274	113,391,932
Directors' sitting fees	930,000	970,000
Directors' remuneration	94,199,572	62,015,136
Royalties and fees	50,469,341	47,987,895
Cash discount	73,761,367	31,074,891
Freight and forwarding charges	193,658,158	205,174,284
Brokerage and commission	252,166,244	264,427,519
Advertisements and publicity	252,380,089	70,427,837
Provision for product warranty	68,135,918	44,854,966
Excise duty paid	13,279,838	15,995,473
Bank charges	130,770,169	129,594,989
Loss on sale/disposal of fixed assets	981,482	2,818,385
Bad debts written off	2,228,601	4,288,396
Provision for doubtful debts and advances	81,704,587	70,609,776
Donations	18,114,000	5,249,294
Investment written off [Refer note no - B - 31]	500,000	-
Other miscellaneous expenses	482,555,123	589,763,910
	<u>2,447,688,216</u>	<u>2,237,392,425</u>
<b>SCHEDULE 23 : INTEREST</b>		
Interest		
On fixed loans and debentures	84,287,132	46,403,973
On other loans	251,349,429	256,796,495
	<u>335,636,561</u>	<u>303,200,468</u>
<b>SCHEDULE 24 : PROVISION FOR TAX</b>		
Income tax for the year		
Current	540,000,000	306,000,000
Deferred	14,438,774	(13,083,422)
Fringe Benefit Tax	-	19,000,000
	<u>554,438,774</u>	<u>311,916,578</u>

## SCHEDULE 25: NOTES FORMING PART OF ACCOUNTS

### A) Significant Accounting Policies

#### 1 Basis of preparation of financial statements

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

#### 2 Fixed Assets

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

#### 3 Depreciation

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

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

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

#### 4 Intangible Assets

Computer Software

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

#### 5 Inventories

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

#### 6 Construction Contracts

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



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

### **7 Research and Development**

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

### **8 Revenue Recognition**

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

### **9 Foreign Currency Transactions**

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

### **10 Leases**

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

### **11 Borrowing Costs**

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

### **12 Investments**

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

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

### **13 Employee Benefits**

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

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

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

### I. **Short Term Employee Benefits:**

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

### II. **Post-Employment Benefits:**

#### a) **Defined Contribution Plans:**

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

#### b) **Defined Benefit Plans:**

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

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

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

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

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

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

### III. **Long Term Employee Benefits:**

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

### IV. **Termination Benefits:**

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



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

### **14 Employee Stock Option Scheme**

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

### **15 Taxes on Income**

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

### **16 Segment Accounting**

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

### **17 Accounting for interests in Joint Ventures**

#### **Type of Joint Venture**

#### **A. Jointly Controlled Operations**

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

#### **B. Jointly Controlled Entities**

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

### **18 Provisions**

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

### **B) OTHER NOTES**

- 1 Interest paid - others Rs.251,349,429/- (Rs.256,796,495/-) is net of Rs.23,369,940/- (Rs.27,020,156/-) being interest received from customers and on deposits. [Tax deducted at source Rs.2,219,806/- (Rs.1,724,577/-)]
- 2 Net gain (loss) on foreign currency transactions on revenue accounts recognised in the Profit and Loss Account is Rs. 61,235,183/- (Rs.107,867,741/-).

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

	2010 Rupees	2009 Rupees
<b>3</b> Estimated amount of contracts remaining to be executed on capital account and not provided for	<b>90,553,004</b>	189,734,603
<b>4</b> Contingent liabilities not provided for in respect of :		
<b>a) Guarantees:</b>		
By the company to ICICI Bank Ltd. on behalf of SPP Pumps Ltd. (GBP 3,500,000)	<b>239,540,000</b>	257,320,000
By the company to Barclays Bank Ltd. on behalf of SPP Pumps Ltd. (GBP 4,000,000)	<b>273,760,000</b>	294,080,000
By the company to Citi Bank N A. on behalf of SPP Pumps Ltd. (GBP 8,000,000)	<b>547,520,000</b>	588,160,000
By the company to Indian Overseas Bank Ltd. on behalf of Kirloskar Constructions & Engineers Ltd., Chennai	<b>800,000,000</b>	800,000,000
By the company to Bank of Maharashtra on behalf of Gondwana Engineers Limited	<b>145,000,000</b>	145,000,000
By the company to Citi Bank N.A. on behalf of Kirloskar Brothers (Thailand) Ltd, (USD 500,000)	<b>22,640,000</b>	-
<b>b) Central Excise (Matter Subjudice)</b>	<b>30,627,618</b>	14,347,263
<b>c) Sales Tax (Matter Subjudice)</b>	<b>89,009,579</b>	89,056,373
<b>d) Income Tax (Matter Subjudice)</b>	<b>522,425,350</b>	395,323,477
<b>e) Labour Matters (Matter Subjudice)</b>	<b>37,474,843</b>	39,278,282
<b>f) Other Legal Cases (Matter Subjudice)</b>	<b>585,161,252</b>	18,792,301
<b>g) Letters of Credit Outstanding</b>	<b>2,201,793,248</b>	2,366,640,832
<b>5 Construction Contracts:</b>		
<b>a) Contract revenue recognised as revenue for the year ended 31st March 2010</b>	<b>10,115,907,129</b>	8,728,394,699
<b>b) The aggregate amount of contract costs incurred and recognised profits less recognised losses upto 31st March 2010</b>	<b>41,769,847,836</b>	31,790,631,155
<b>c) Amount of advances received as on 31st March 2010 for contracts in progress</b>	<b>1,217,209,831</b>	935,338,671
<b>d) Amount of retentions as on 31st March 2010 for contracts in progress</b>	<b>583,743,163</b>	297,368,580
<b>6 Remuneration to Auditors</b>		
Statutory Auditors :		
<b>a) Audit Fees</b>	<b>2,000,000</b>	1,500,000
<b>b) Tax Audit Fees</b>	<b>150,000</b>	150,000
<b>c) Certification and other services</b>	<b>1,069,500</b>	688,250
<b>d) Expenses reimbursed</b>	<b>286,948</b>	507,048



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

	2010 Rupees	2009 Rupees
<b>7 Managerial Remuneration</b>		
Computation of Managerial Remuneration in accordance with Section 198 of the Companies Act, 1956		
Profit as per Profit and Loss Account before provision for taxation	1,729,616,298	982,203,176
Add:		
Managerial Remuneration	87,174,572	54,450,136
Directors' Remuneration	7,025,000	7,565,000
Directors' Fees	930,000	970,000
Provision for Doubtful Debts and Advances	81,704,587	70,609,776
	<u>1,906,450,457</u>	<u>1,115,798,088</u>
Less :		
Capital profit on sale of fixed assets	78,803	1,136,470
Profit on sale of investments	224,793,816	-
	<u>224,872,619</u>	<u>1,136,470</u>
	<u>1,681,577,838</u>	<u>1,114,661,618</u>
Commission to other Directors @ 1% Restricted to	16,815,778	11,146,616
	7,025,000	7,565,000
Details of Managerial Remuneration		
a) Salary	21,731,587	17,767,200
b) Contribution to provident fund and superannuation fund	4,451,865	4,795,200
c) Commission	60,205,479	25,000,000
d) Perquisites	6,021,641	6,887,736
	<u>92,410,572</u>	<u>54,450,136</u>
e) Estimated value of other benefits	169,053	116,817
<b>TOTAL</b>	<u>92,579,625</u>	<u>54,566,953</u>
<b>8 Expenditure in foreign currencies</b>		
i) Interest	22,988,942	9,530,280
ii) Professional Fees	7,522,738	29,205,216
iii) Royalty	325,000	458,512
iv) Other Matters	363,876,226	346,633,215
<b>9 Earnings in Foreign Currencies</b>		
i) F.O.B. Value of goods exported	1,547,153,826	2,165,886,317
ii) Services rendered/civil work	146,596,997	73,786,339
iii) Profit on sale of investment	224,793,816	-
iv) Others	1,857,776	241,292,690
<b>10 C.I.F. Value of Imports</b>		
i) Raw materials, components & spare parts	4,998,590,361	1,883,493,356
ii) Capital goods	74,094,488	200,926,083
<b>11 Expenditure incurred on Research and Development activities undertaken during the year</b>		
Capital	7,199,442	16,707,375
Revenue	44,193,580	34,156,669
<b>TOTAL</b>	<u>51,393,022</u>	<u>50,864,044</u>

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

	2010 Rupees	2009 Rupees
<b>12 Earning per Share (Basic and diluted)</b>		
<b>I - Basic</b>		
a) Profit for the year before tax	1,729,616,298	982,203,176
Less : Attributable tax thereto	554,438,774	311,916,578
Profit after tax	1,175,177,524	670,286,598
b) Total number of equity shares at the end of the year used as denominator	79,333,266	105,764,355
c) Basic earning per share of nominal value of Rs 2/- each	14.81	6.34
<b>II - Diluted</b>		
a) Profit for the year before tax	1,729,616,298	982,203,176
Less : Attributable tax thereto	554,438,774	311,916,578
	1,175,177,524	670,286,598
b) Total number of equity shares at the end of the year	79,333,266	105,764,355
c) Add : Weighted average number of potential equity shares on account of employee stock options	1,598	-
Weighted average number of shares outstanding used as denominator	79,334,864	105,764,355
d) Diluted earning per share of nominal value of Rs 2/- each	14.81	6.34
<b>13 Advances recoverable in cash or kind or for value to be received include :</b>		
<b>a) Advance recoverable from Companies under same management</b>		
1) Kirloskar Systems Limited	-	5,248,345
Maximum amount outstanding during the year	-	5,248,345
2) Kirloskar Proprietary Limited	-	-
Maximum amount outstanding during the year	-	3,547,000
3) Pressmatic Electro Stampings Pvt. Limited	-	284,843
Maximum amount outstanding during the year	-	732,519
4) Quadromatic Engineering Pvt. Limited	-	348,765
Maximum amount outstanding during the year	-	348,765
5) Kirloskar Brothers Investments Limited	8,149	-
Maximum amount outstanding during the year	1,308,598	-
6) Pooja Credits Private Limited (Upto 15/04/2009)	-	-
Maximum amount outstanding during the year	812,479	-
7) Kirloskar Silk Industries Limited (Upto 15/04/2009)	433,331	-
Maximum amount outstanding during the year	433,331	-
<b>14 Amount of Borrowing Cost Capitalised during the year</b>	<b>8,076,888</b>	29,203,312
<b>15 Prior period expenditure</b>	(2,018,793)	(13,818,902)
<b>16 Employee Benefits :</b>		
<b>i Defined Contribution Plans:</b>		
Amount of Rs. 50,678,337/- (Rs. 43,120,522/-) is recognised as an expense and included in "Payments and Benefits to Employees" (Schedule 21) in the Profit and Loss Account.		



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

### ii Defined Benefit Plans

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

Rupees

Particulars	As at 31-03-2010		As at 31-03-2009	
	Gratuity Plan	Pension Scheme	Gratuity Plan	Pension Scheme
	(Funded)	(Non Funded)	(Funded)	(Non Funded)
A. Amount to be recognised in Balance Sheet				
Present Value of Defined Benefit Obligation	196,187,654	16,440,778	183,076,249	19,257,771
Less: Fair Value of Plan Assets	211,244,692	-	208,657,491	-
Amount to be recognised as liability or (asset)	(15,057,038)	16,440,778	(25,581,242)	19,257,771
B. Amounts reflected in the Balance Sheet				
Liabilities	-	-	-	19,257,771
Assets	(15,057,038)	16,440,778	(25,581,242)	-
Net Liability/(Assets)	(15,057,038)	16,440,778	(25,581,242)	19,257,771

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

Rupees

Particulars	As at 31-03-2010		As at 31-03-2009	
	Gratuity Plan	Pension Scheme	Gratuity Plan	Pension Scheme
	(Funded)	(Non Funded)	(Funded)	(Non Funded)
1 Current Service Cost	14,711,308	-	12,455,848	-
2 Interest Cost	13,926,449	1,186,430	14,006,496	1,386,089
3 Expected Return on Plan Assets	(17,945,527)	-	35,022,607	-
4 Actuarial Losses/(Gains)	(435,265)	1,993,423	(2,904,544)	2,949,432
5 Past Service Cost	-	-	-	-
6 Effect of any curtailment or settlement	-	-	-	-
7 Actuarial Gain not recognised in books	-	-	-	-
8 Adjustment for earlier years	-	-	-	-
Total included in Schedule 21				
"Payment to Employees"	10,256,965	(806,993)	(11,464,807)	4,335,521
Actual Return on Plan Assets	9.40%	-	9.40%	-

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

Rupees

Particulars	As at 31-03-2010		As at 31-03-2009	
	Gratuity Plan	Pension Scheme	Gratuity Plan	Pension Scheme
	(Funded)	(Non Funded)	(Funded)	(Non Funded)
1 Balance of the present value of Defined benefit Obligation as at 01-04-2009	183,076,249	19,257,771	176,344,206	16,999,644
Less: transferred to Kirloskar Corrocoat Pvt. Ltd.	2,169,558	-	-	-
Balance	180,906,691	19,257,771	176,344,206	16,999,644
2 Add: Current Service Cost	14,711,308	-	12,455,848	-
Add: Interest Cost	13,926,449	1,186,430	14,006,496	1,386,089
3 Add/(less): Actuarial losses / (gains)	295,105	1,993,423	(2,904,544)	2,949,432
4 Less: Benefits paid	(13,651,899)	2,010,000	(16,825,757)	(2,077,394)
5 Balance of the present value of Defined Benefit Obligation as at 31-03-2010	196,187,654	16,440,778	183,076,249	19,257,771

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

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

Rupees

Particulars	Gratuity Plan (Funded)	
	31.03.2010	31.03.2009
1 Opening balance of the fair value of the plan assets as at 01-04-2009	208,657,491	190,460,641
Less: transferred to Kirloskar Corrocoat Pvt. Ltd.	2,436,798	-
	206,220,693	190,460,641
2 Add: Expected return on plan assets	17,945,527	35,022,607
3 Add/(less) : Actuarial gains/(losses)	730,370	-
4 Add: Contribution by the employer	-	-
5 Less: Benefits paid	13,651,899	16,825,757
6 Closing balance of the plan assets as at 31-03-2010	211,244,691	208,657,491

- e) The broad categories of plan assets as a percentage of total plan assets as at 31-03-2010 of Employee's Gratuity Scheme are as under :

Sr. No	Description	Percentage (%)	
		2010	2009
1	Central Govt. Securities	56.00	56.09
2	State Govt. Securities	0.00	11.18
3	Approved Marketable Securities	0.00	2.96
4	Bonds/Debentures etc.	36.00	22.03
5	Loans	0.00	0.36
6	Equity	6.00	5.64
7	Liquid Fund/Money Market Instrument	2.00	1.72
8	Preference Shares	0.00	0.02
	Grand Total	100	100

### Basis used to determine the overall expected return:

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

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

- Discount rate as at 31-03-2010 - 7.5%
- Expected return on plan assets as at 31-03-2010 - 9%
- Salary growth rate : For Gratuity Scheme - 10%
- Attrition rate: For gratuity scheme - 19%
- The estimates of future salary increases considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.



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

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

Rupees

Particulars	As at 31-03-2010		As at 31-03-2009	
	Gratuity Plan (Funded)	Pension Scheme (Non Funded)	Gratuity Plan (Funded)	Pension Scheme (Non Funded)
Defined Benefit Obligation	196,187,654	16,440,778	183,076,249	19,257,771
Plan Assets	211,244,692	-	208,657,491	-
Surplus/(Deficit)	15,057,038	(16,440,778)	25,581,242	(19,257,771)

h) General descriptions of defined plans:

**1 Gratuity Plan:**

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

**2 Company's Pension Plan:**

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

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

Particulars	Unit	Opening Stock		Closing Stock	
		Qty	Value in Rupees	Qty	Value in Rupees
Power Driven Pumps	Nos.	11,432 (13,505)	87,856,670 (78,153,903)	* ^ 15,032 (11,432)	112,321,900 (87,856,670)
Electric Motors	Nos.	3,659 (3,315)	33,070,078 (20,938,698)	** 1,767 (3,659)	14,849,819 (33,070,078)
Valves	Nos.	14 (13)	14 (13)	@ 13 (14)	13 (14)
Spares and Others		- (-)	12,295,724 (25,798,432)	- (-)	18,838,335 (12,295,724)
<b>TOTAL</b>			<b>133,222,486</b> (124,891,046)		<b>146,010,067</b> (133,222,486)

**Note :** \* Excludes 1731 (920) Nos. of Power Driven Pumps scrapped.

\*\* Excludes 467 (207) Nos. of Motors scrapped.

@ Excludes 1 (-) Nos. of Valves scrapped.

^ Includes 26 Nos. received back from customers.

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

### 18 Quantitative information in respect of Opening/Closing Stocks of Trading Articles :

Particulars	Unit	Opening Stock		Closing Stock	
		Qty	Value in Rupees	Qty	Value in Rupees
Pumps	Nos.	5,895 (11,837)	15,595,331 (23,824,798)	* 12,960 (5,895)	23,956,791 (15,595,331)
Valves	Nos.	2,000 (1,638)	2,219,222 (3,566,323)	996 (2,000)	2,245,863 (2,219,222)
Motors	Nos.	- (1)	75,597 (21,189)	** - -	- (75,597)
Alternators	Nos.	248 (251)	5,803,347 (4,948,520)	186 (248)	4,040,045 (5,803,347)
Others		- -	84,880,425 (65,212,485)	- -	40,524,648 (84,880,425)
<b>TOTAL</b>			<b>108,573,922</b> <u>(97,573,315)</u>		<b>70,767,347</b> <u>(108,573,922)</u>

\* Excludes Nil (356) No of Pumps scrapped & Excludes Nil (13) No. of pumps theft.

\*\* Excludes Nil (1) no of Motor scrapped.

### 19 Quantitative information in respect of Sale of Manufactured Products :

Particulars	Unit	2009-10		Previous Year	
		* Qty.	@ Value Rupees	* Qty.	@ Value Rupees
Power Driven Pumps	Nos.	279,414	9,837,013,829	207,180	7,699,508,855
Valves	Nos.	28,892	708,060,359	26,653	1,007,789,944
Turbines	Nos.	6	22,788,386	8	35,941,679
Electric Motors	Nos.	24,123	282,811,330	23,221	250,685,614
Alloy Iron Castings including Steel Castings & Cast Iron Castings	M.T.	875	248,629,404	1,114	272,697,342
Spare Parts and Others			1,190,089,261		1,309,794,500
Services and Job Order Receipts			437,351,738		607,686,869
Civil Receipts			2,380,606,172		1,860,242,937
<b>TOTAL</b>			<b>15,107,350,479</b>		<b>13,044,347,740</b>

\* Includes 235 (389) Power driven pumps, 256 (304) Valves, included in Construction and project related revenue.



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

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

Particulars	Unit	Purchases		Sales	
		Qty.	Value Rupees	* Qty.	@ Value Rupees
Pumps	Nos.	<b>267,414</b> (152,244)	<b>1,065,056,317</b> (291,181,300)	<b>260,349</b> (157,817)	<b>607,571,078</b> (389,096,046)
Valves	Nos.	<b>17,745</b> (24,178)	<b>68,518,747</b> (62,213,991)	<b>18,749</b> (23,816)	<b>96,955,447</b> (123,283,288)
Transformers	Nos.	<b>906</b> (1,173)	<b>133,322,803</b> (218,549,690)	<b>906</b> (1,173)	<b>204,982,656</b> (337,746,502)
Alternators	Nos.	<b>8,461</b> (6,334)	<b>155,997,187</b> (124,846,541)	<b>8,523</b> (6,337)	<b>198,013,429</b> (152,030,409)
Others		-	<b>3,813,693,283</b> (4,068,680,560)	-	<b>4,225,908,571</b> (4,723,847,435)
<b>TOTAL</b>			<b>5,236,588,337</b> (4,765,472,082)		<b>5,333,431,181</b> (5,726,003,680)

\* Includes 45 (20) Pumps, 489 (303) Valves, 896 (1109) Transformers included in Construction & Project Related Revenue

@ Includes Progress billing of Rs.10,378,318,715/- (Rs. 9,189,298,139/-) related to construction contracts accounted in the Profit and Loss account as Project related revenue of Rs.10,115,907,129/- (Rs. 8,728,394,699/-) in terms of Accounting Standard 7 on Construction Contracts.

### 21 Consumption of Raw Materials, Components and Spare Parts:

Particulars	2009-10		Previous Year	
	Rupees	Percentage	Rupees	Percentage
Imported	<b>328,284,963</b>	<b>3.50</b>	382,591,596	4.34
Indigenous	<b>9,060,265,870</b>	<b>96.50</b>	8,434,750,809	95.66
<b>TOTAL</b>	<b>9,388,550,833</b>	<b>100.00</b>	<b>8,817,342,405</b>	<b>100.00</b>

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

### 22 Details of Raw Materials Consumption :

Particulars	Unit	2009-10		Previous Year	
		Quantity	Value in Rs.	Quantity	Value in Rs.
a) Pig Iron	M.T.	5,978	103,394,850	5,254	140,555,056
b) Castings	Nos.	666,561	237,829,750	691,848	270,470,423
c) Stator Stacks	Nos.	230,861	278,969,939	121,566	219,939,021
d) Rotors	Nos.	232,893	68,842,146	151,872	83,422,058
e) Motors	Nos.	4,451	3,008,877,483	5,079	2,093,409,761
f) Engines	Nos.	980	153,217,395	1,044	127,678,549
g) Motor Frames	Nos.	18,019	116,314,417	22,475	105,384,649
h) Others		-	5,421,104,853	-	5,776,482,888
<b>TOTAL</b>			<b>9,388,550,833</b>		<b>8,817,342,405</b>



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

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

Sr. No.	Class of Goods	Unit	Licensed capacity		Installed capacity		Production		
			2009-10	Previous Year	2009-10	Previous Year	2009-10	Previous Year	
1.	Power Driven Pumps	Nos.	<b>194,000</b>	194,000	<b>194,000</b>	194,000	<b>@ 284,801</b>	206,107	
2.	Metal Cutting including Grinding Machines	"	<b>736</b>	736	<b>736</b>	736	-	-	
3.	Reduction Gear Units	"	<b>1,200</b>	1,200	<b>1,200</b>	1,200	-	-	
4.	Valves	"	<b>70,070</b>	70,070	<b>70,070</b>	70,070	<b>28,892</b>	26,654	
5.	Ploughs	"	<b>3,216</b>	3,216	<b>3,216</b>	3,216			
6.	Alloy Iron Castings including Steel Castings	} M.T.	*	*	*	*			
7.	Cast Iron Castings		M.T.	<b>120</b>	120	<b>120</b>	120		
8.	Cast Iron Castings including Alloy Steel castings for Automotive purposes		M.T.	<b>2,500</b>	2,500	<b>2,500</b>	2,500	<b>875</b>	1,114
9.	Turbines	Nos.					<b>6</b>	8	
10	Electric Motors	Nos.					<b>@@ 22,709</b>	23,784	

@ Includes 56 (80) for own use.

@@ Includes 11 ( 12 ) for own use.

\* Per annum on single shift basis.

#### Notes :

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

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

### 24. Related Party Disclosures

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

Name of the related party	Nature of relationship	Effective Date
1 Better Value Holdings Pvt. Ltd.	Holding company	up to 19.09.2009
2 Pooja Credits Pvt. Ltd.	Subsidiary company	up to 15.04.2009
3 Kirloskar Silk Industries Ltd.	Subsidiary company	up to 15.04.2009
4 Kirloskar Constructions and Engineers Ltd	Subsidiary Company	
5 Gondwana Engineers Ltd	Subsidiary Company	
6 The Kolhapur Steel Ltd.	Subsidiary Company	
7 Hematic Motors Private Ltd.	Subsidiary Company	from 12.11.2009
8 Vakasa Electricals Private Ltd.	Subsidiary Company of Hematic Motors Pvt. Ltd	
9 Moreshwar Electricals Private Ltd.	Subsidiary Company of Hematic Motors Pvt. Ltd	
10 Ila Electricals Private Ltd.	Subsidiary Company of Hematic Motors Pvt. Ltd	
11 Quadromatic Engineering Private Ltd.	Subsidiary Company	from 12.11.2009
12 Pressmatic Electro Stampings Private Ltd.	Subsidiary Company	from 12.11.2009
13 Kirloskar Corrocoat Private Ltd.	Subsidiary Company	from 12.11.2009
14 Kirloskar Brothers International B V	Subsidiary Company	
15 Kirloskar Brothers Europe B.V.	Subsidiary of Kirloskar Brothers International BV	
16 Kirloskar Brothers (Thailand)) Ltd.	Subsidiary Company	
17 SPP Pumps Ltd.	Subsidiary of Kirloskar Brothers International BV	
18 SPP Pumps France EURL	Subsidiary of SPP Pumps Ltd.	
19 Certified Engines Ltd	Subsidiary of SPP Pumps Ltd.	
20 SPP (South Africa) (Pty) Ltd.	Subsidiary of SPP Pumps Ltd.	
21 SPP Pumps Holdings LLC	Subsidiary of SPP Pumps Ltd.	
22 SPP Pumps Management LLC	Subsidiary of SPP Pumps Ltd.	
23 SPP Pumps LP	Subsidiary of SPP Pumps Ltd.	
24 SPP France S A S	Subsidiary of SPP Pumps Ltd.	
25 Kirloskar Industries Ltd formerly known as Kirloskar Oil Engines Limited	Fellow Subsidiary Company	up to 15.04.2009
26 Kirloskar Pneumatic Company Limited	Fellow Subsidiary Company	up to 15.04.2009
27 Kirloskar Systems Limited	Fellow Subsidiary Company	up to 19.09.2009
28 Kirloskar Proprietary Limited	Fellow Subsidiary Company	up to 19.09.2009



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

**(B) Disclosure of related parties transactions**

In Rs.

Sr. No.	Nature of transaction/relationship/major parties	2009-2010		2008-2009	
		Amount	Amount for Major parties **	Amount	Amount for Major parties **
1	<b>Purchase of goods &amp; services</b>				
	<b>Subsidiary/Fellow subsidiary companies</b>	1,215,598,074		991,284,120	
	Kirloskar Constructions and Engineers Limited		438,676,841		238,615,483
	Gondwana Engineers Limited		229,174,076		155,496,941
	The Kolhapur Steel Limited		182,878,718		129,635,690
	Hematic Motors Private Limited		316,948,479		193,844,417
	* Kirloskar Industires Limited		-		238,831,488
	<b>Enterprises over which key management personnel or their relatives exercise significant influence</b>	1,437,360		-	
	<b>Joint Ventures</b>	37,654,547		70,669,193	
	<b>TOTAL</b>	<b>1,254,689,981</b>		<b>1,061,953,313</b>	
2	<b>Sale of goods/contract revenue &amp; services</b>				
	<b>Subsidiary/Fellow subsidiary companies</b>	366,204,303		302,293,811	
	SPP Pumps Limited		260,631,549		292,075,754
	Kirloskar Brothers Europe B. V.		84,539,496		302,628
	<b>Joint Ventures</b>	1,850,466		1,227,601	
<b>TOTAL</b>	<b>368,054,769</b>		<b>303,521,412</b>		
3	<b>Rendering Services</b>				
	<b>Subsidiary/Fellow subsidiary companies</b>	13,239,698		19,441,708	
	SPP Pumps Limited		6,482,481		12,407,267
	Kirloskar Corrocoat Private Limited		5,843,527		-
	Kirloskar Proprietary Limited		-		3,500,000
	<b>Joint Ventures</b>	13,038,943		11,769,810	
	Kirloskar Corrocoat Private Limited		7,659,612		11,769,810
Kirloskar Ebara Pumps Limited		5,379,331		-	
<b>TOTAL</b>	<b>26,278,641</b>		<b>31,211,518</b>		
4	<b>Receiving Services</b>				
	<b>Subsidiary/Fellow subsidiary companies</b>	15,429,386		11,431,679	
	Kirloskar Brothers Europe B. V.		13,690,994		5,582,167
	Hematic Motors Private Limited		691,672		3,869,596
	Kirloskar Systems Limited		880,050		1,664,040
	<b>Enterprises over which key management personnel or their relatives exercise significant influence</b>	769,950		-	
	<b>Joint Ventures</b>	392,000		-	
	<b>Key Management Personnel</b>	600,000		450,000	
	<b>Relatives of Key Management Personnel</b>	2,500,000		2,610,000	
	Mrs. Pratima Kirloskar		1,250,000		900,000
<b>TOTAL</b>	<b>19,691,336</b>		<b>14,491,679</b>		

\* (Formerly known as Kirloskar Oil Engines Limited)

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

In Rs.

Sr. No.	Nature of transaction/relationship/major parties	2009-2010		2008-2009	
		Amount	Amount for Major parties **	Amount	Amount for Major parties **
5	<b>Sale of Fixed Assets</b>				
	<b>Subsidiary/Fellow subsidiary companies</b>	169,846	-		
	Kirloskar Corrocoat Private Limited		169,846		-
	<b>TOTAL</b>	<b>169,846</b>		<b>-</b>	
6	<b>Purchase of Shares</b>				
	<b>Key Management Personnel</b>	562,031,505		-	
	Mr. Sanjay Kirloskar		562,031,505		-
	<b>TOTAL</b>	<b>562,031,505</b>		<b>-</b>	
7	<b>Sale of Shares</b>				
	<b>Subsidiary/Fellow subsidiary companies</b>	374,020,780		-	
	SPP Pumps Limited		374,020,780		-
	<b>TOTAL</b>	<b>374,020,780</b>		<b>-</b>	
8	<b>Investment made</b>				
	<b>Subsidiary/Fellow subsidiary companies</b>	1,052,535,299		97,053,263	
	Kirloskar Brothers International B. V.		375,421,780		-
	Hematic Motors Private Limited		206,337,059		-
	Pressmatic Electro Stampings Private Limited		261,891,143		-
	The Kolhapur Steel Limited		-		93,843,590
	<b>TOTAL</b>	<b>1,052,535,299</b>		<b>97,053,263</b>	
9	<b>Royalty Paid</b>				
	<b>Subsidiary/Fellow subsidiary companies</b>	12,402,510		47,137,925	47,137,925
	Kirloskar Proprietary Limited		12,402,510		
	<b>Enterprises over which key management personnel or their relatives exercise significant influence</b>	39,253,992		-	
	Kirloskar Proprietary Limited		39,253,992		-
	<b>TOTAL</b>	<b>51,656,502</b>		<b>47,137,925</b>	
10	<b>Dividend paid</b>				
	<b>Holding Company</b>	106,414,684		211,625,340	211,625,340
	Better Value Holdings Private Limited		106,414,684		
	<b>Subsidiary/Fellow subsidiary companies</b>	210,000		630,000	
	<b>Enterprises over which key management personnel or their relatives exercise significant influence</b>	105,000		-	
	<b>Key Management Personnel</b>	2,612,608		5,217,216	
	<b>Relatives of Key Management Personnel</b>	124,200		256,400	
	<b>TOTAL</b>	<b>109,466,492</b>		<b>217,728,956</b>	



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

In Rs.

Sr. No.	Nature of transaction/relationship/major parties	2009-2010		2008-2009	
		Amount	Amount for Major parties **	Amount	Amount for Major parties **
11	<b>Dividend received</b>				
	<b>Subsidiary/Fellow subsidiary companies</b>	56,041,600		127,029,847	
	Hematic Motors Private Limited		9,854,600		1,047,200
	Kirloskar Corrocoat Private Limited		32,500,000		-
	* Kirloskar Industries Limited		-		73,903,270
	Kirloskar Pneumatic Company Limited		-		31,830,778
	Pooja Credits Private Limited		-		15,160,099
	<b>Joint Ventures</b>	22,000,000		18,050,000	
	Kirloskar Ebara Pumps Limited		15,750,000		13,050,000
	Kirloskar Corrocoat Private Limited		6,250,000		5,000,000
	<b>TOTAL</b>	<b>78,041,600</b>		<b>145,079,847</b>	
12	<b>Interest Received</b>				
	<b>Subsidiary/Fellow subsidiary companies</b>	7,518,957		8,204,440	
	Gondwana Engineers Limited		1,599,670		1,773,116
	The Kolhapur Steel Limited		5,919,287		6,431,324
	<b>TOTAL</b>	<b>7,518,957</b>		<b>8,204,440</b>	
13	<b>Interest Paid</b>				
	<b>Subsidiary/Fellow subsidiary companies</b>	2,060,274		2,854,795	
	Hematic Motors Private Limited		2,060,274		2,793,151
	<b>TOTAL</b>	<b>2,060,274</b>		<b>2,854,795</b>	
14	<b>Remuneration Paid</b>				
	<b>Key Management Personnel</b>	92,410,572		54,450,136	
	Mr. Sanjay Kirloskar		34,644,382		17,447,835
	Mr. Vikram Kirloskar		34,646,404		19,346,117
	Mr. R. K. Srivastava		11,348,259		8,950,788
	Mr. J. R. Sapre		11,771,527		8,705,397
	<b>Relatives of Key Management Personnel</b>	1,600,766		530,000	
	<b>TOTAL</b>	<b>94,011,338</b>		<b>54,980,136</b>	
15	<b>Security Deposit Paid</b>				
	<b>Key Management Personnel</b>	-		1,700,000	
	Mr. Sanjay Kirloskar		-		1,700,000
	<b>Relatives of Key Management Personnel</b>	1,700,000		3,400,000	
	Mrs. Pratima Kirloskar		1,700,000		1,700,000
	Mr. Sanjay Kirloskar (HUF)		-		1,700,000
	<b>TOTAL</b>	<b>1,700,000</b>		<b>5,100,000</b>	

\* (Formerly known as Kirloskar Oil Engines Limited)

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

In Rs.

Sr. No.	Nature of transaction/relationship/major parties	2009-2010		2008-2009	
		Amount	Amount for Major parties **	Amount	Amount for Major parties **
16	<b>Repayment of Inter Corporate Deposit</b> <b>Subsidiary/Fellow subsidiary companies</b> Pressmatic Electro Stampings Private Limited Hematic Motors Private Limited	40,000,000	- 40,000,000	20,000,000	20,000,000 -
	<b>TOTAL</b>	<b>40,000,000</b>		20,000,000	
17	<b>Receipt of Inter Corporate Deposit</b> <b>Subsidiary/Fellow subsidiary companies</b> Pressmatic Electro Stampings Private Limited	-	-	10,000,000	10,000,000
	<b>TOTAL</b>	-		10,000,000	
18	<b>Loan Given</b> <b>Subsidiary/Fellow subsidiary companies</b> Kirloskar Constructions and Engineers Limited Gondwana Engineers Limited The Kolhapur Steel Limited	332,528,798	291,828,798 40,700,000 -	630,790,392	505,550,000 3,300,000 121,940,392
	<b>TOTAL</b>	<b>332,528,798</b>		630,790,392	
19	<b>Payment received towards repayment of Loan</b> <b>Subsidiary/Fellow subsidiary companies</b> Kirloskar Constructions and Engineers Limited Gondwana Engineers Limited The Kolhapur Steel Limited	297,096,936	256,096,936 20,000,000 21,000,000	8,800,000	- 5,800,000 3,000,000
	<b>TOTAL</b>	<b>297,096,936</b>		8,800,000	
20	<b>Royalty Received</b> <b>Subsidiary/Fellow subsidiary companies</b> * Kirloskar Industries Limited	-	-	1,334,443	1,334,443
	<b>TOTAL</b>	-		1,334,443	
21	<b>Reimbursement of Expenses</b> <b>Subsidiary/Fellow subsidiary companies</b> SPP Pumps Limited Kirloskar Constructions and Engineers Limited Gondwana Engineers Limited * Kirloskar Industries Limited <b>Joint Ventures</b> Kirloskar Corrocoat Private Limited	5,401,057	2,967,476 1,267,759 994,277 - 19,005 19,005	23,281,680	6,179,259 8,536,095 24,164 6,725,953 5,548,635 5,548,635
	<b>TOTAL</b>	<b>5,420,062</b>		28,830,315	

\* (Formerly known as Kirloskar Oil Engines Limited)



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

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

1) Holding Company	Better Value Holdings Pvt.Ltd. up to 19.09.2009	
2) Subsidiary Companies	Pooja Credits Pvt. Ltd. up to 15.04.2009 Kirloskar Silk Industries Ltd. up to 15.04.2009 Kirloskar Constructions and Engineers Ltd. Gondwana Engineers Ltd. The Kolhapur Steel Limited Hematic Motors Pvt. Ltd. from 12.11.2009 Vakasa Electricals Pvt. Ltd. Moreshwar Electricals Pvt. Ltd. Ila Electicals Pvt. Ltd. Pressmatic Electro Stampings Pvt. Ltd. from 12.11.2009 Quadromatic Engineering Pvt. Ltd. from 12.11.2009 Kirloskar Corrocoat Pvt. Ltd. from 12.11.2009 SPP Pumps Ltd. Certified Engines Ltd. SPP (South Africa) (Pty) Ltd. SPP Pumps LP SPP Pumps Management LLC SPP Pumps Holdings LLC SPP Pumps France EURL SPP France S A S Kirloskar Brothers International B V Kirloskar Brothers Europe B.V. Kirloskar Brothers (Thailand) Ltd.	
3) Fellow Subsidiary Companies	Kirloskar Proprietary Ltd (up to 19.09.2009) Kirloskar Systems Ltd. (up to 19.09.2009)	
4) Joint Ventures	Kirloskar Ebara Pumps Ltd. Kirloskar Corrocoat Pvt. Ltd. Up to 11.11.2009	
5) Key Management Personnel	Mr. Sanjay Kirloskar Mr.Vikram Kirloskar up to 20.01.2010 Mr.R.K.Srivastava Mr.J R Sapre	
6) Relatives of Key Management Personnel	Mrs.Pratima Kirloskar Mr.Alok Kirloskar Ms.Rama Kirloskar Mrs.Suman Kirloskar Mr.Atul Kirloskar Mr.Rahul Kirloskar Mrs.Geetanjali Kirloskar up to 20.01.2010	Wife of Mr. S. C. Kirloskar Son of Mr. S. C. Kirloskar Daughter of Mr. S. C. Kirloskar Mother of Mr. S. C. Kirloskar Brother of Mr. S. C. Kirloskar Brother of Mr. S. C. Kirloskar Wife of Mr. Vikram Kirloskar



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

	Mrs.Mrinalini Kirloskar up to 20.01.2010	Mother of Mr. Vikram Kirloskar
	Mrs.Vijayalaxmi Srivastava	Wife of Mr. R K Srivastava
	Mrs Asha J Sapre	Wife of Mr. J R Sapre
	Ms. Preeti Sapre	Daughter of Mr. J R Sapre
7) Jointly controlled operations	HCC – KBL Joint Venture KBL – MCCL Joint Venture KCCPL – IHP – BRC – TAIPL – KBL JV IVRCL – KBL JV Maytas – KBL JV Larsen & Toubro – KBL JV KBL-MEIL-KCCPL JV KBL – PLR JV KBL – Koya – VA Tech JV KBL – PIL Consortium Larsen & Toubro – KBL – Maytas JV IVRCL – KBL – MEIL JV Pioneer – Avantica – ZVS – KBL JV AMR – Maytas – KBL – WEG JV Indu – Shrinivasa Constructions – KBL – WEG JV MEIL – KBL – IVRCL JV MEIL – Maytas – KBL JV KCCPL – TAIPL – KBL JV KBL-SPML JV	
8) Enterprises over which key management personnel or their relatives exercise significant influence	Kirloskar Systems Ltd. Quadrant Communications Ltd. Kirloskar Proprietary Ltd	

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

### (E) Disclosure pursuant to clause 32 of the listing agreement regarding loans and advances to subsidiary and associate companies:

#### Loans and advances in the nature of loans:

Rupees

Sr. No.	Name of the Company	Balance as at		Maximum outstanding	
		31.03.2010	31.03.2009	31.03.2010	31.03.2009
A	<b>To Subsidiary Companies</b>				
1	Kirloskar Silk Industries Ltd. (Subsidiary till 15.04.2009)	-	406,404	<b>406,404</b>	406,404
2	Kirloskar Constructions & Engineers Ltd.	<b>586,281,862</b>	505,550,000	<b>800,946,591</b>	505,550,000
3	Gondwana Engineers Ltd.	<b>33,700,000</b>	13,000,000	<b>52,700,000</b>	15,500,000
4	The Kolhapur Steel Limited	<b>97,940,392</b>	118,940,392	<b>118,940,392</b>	121,940,392
5	Pooja Credits Pvt. Ltd. (Subsidiary till 15.04.2009)	-	-	-	-
6	SPP Pumps Ltd. (its subsidiaries) (Subsidiary till 15.02.2010)	-	-	-	-
7	Kirloskar Brothers International BV (its subsidiaries)				
8	Kirloskar Brothers (Thailand ) Ltd.	-	-	-	-
9	Hematic Motors Pvt Ltd. (its subsidiaries) (Subsidiary from 12.11.2009)	-	-	-	-
10	Pressmatic Electro Stampings Pvt. Ltd. (Subsidiary from 12.11.2009)	-	-	-	-
11	Quadromatic Engineering Pvt. Ltd. (Subsidiary from 12.11.2009)	-	-	-	-
12	Kirloskar Corrocoat Pvt. Ltd (Subsidiary from 12.11.2009)	-	-	-	-
	<b>TOTAL</b>	<b>717,922,254</b>	637,896,796		

### B Loans and advances in the nature of loan where there is,

#### i) No repayment schedule:

Rupees

Sr. No.	Name of the Company	Balance as at		Maximum outstanding	
		31.03.2010	31.03.2009	31.03.2010	31.03.2009
1	Kirloskar Silk Industries Ltd.	-	406,404	<b>406,404</b>	406,404
2	Kirloskar Constructions & Engineers Ltd.	<b>586,281,862</b>	505,550,000	<b>800,946,591</b>	505,550,000
3	Gondwana Engineers Ltd.	<b>33,700,000</b>	13,000,000	<b>52,700,000</b>	15,500,000
4	The Kolhapur Steel Ltd.	<b>97,940,392</b>	118,940,392	<b>118,940,392</b>	121,940,392

#### ii) No interest charged:

Sr. No.	Name of the Company	Balance as at		Maximum outstanding	
		31.03.2010	31.03.2009	31.03.2010	31.03.2009
1	Kirloskar Silk Industries Ltd.	-	406,404	<b>406,404</b>	406,404
2	Kirloskar Constructions & Engineers Ltd.	<b>586,281,862</b>	505,550,000	<b>800,946,591</b>	505,550,000
3	The Kolhapur Steel Ltd.	<b>57,500,000</b>	57,500,000	<b>57,500,000</b>	57,500,000

### C Loans and advances in the nature of loans to firms/Companies in which directors are interested : NIL

### D Investment by the loanee (borrower) in the shares of the Company or subsidiary of the Company : NIL

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



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

### 25. Particulars related to Joint Ventures :

#### a) List of Joint Ventures

Sr. No.	Name of the Joint Venture	Description	Ownership Interest	Country of Incorporation
1	Kirloskar Ebara Pumps Ltd.	Jointly controlled entity	45%	India
2	Kirloskar Corrocoat Pvt. Ltd. (up to 11.11.2009)	Jointly controlled entity	50%	India
3	HCC – KBL Joint Venture	Jointly controlled operations	N A	India
4	KBL – MCCL Joint Venture	Jointly controlled operations	N A	India
5	KCCPL – IHP – BRC – TAIPPL – KBL JV	Jointly controlled operations	N A	India
6	IVRCL – KBL JV	Jointly controlled operations	N A	India
7	Maytas – KBL JV	Jointly controlled operations	N A	India
8	Larsen & Toubro – KBL JV	Jointly controlled operations	N A	India
9	KBL-MEIL-KCCPL JV	Jointly controlled operations	N A	India
10	KBL – PLR JV	Jointly controlled operations	N A	India
11	KBL – Koya – VA Tech JV	Jointly controlled operations	N A	India
12	KBL – PIL Consortium	Jointly controlled operations	N A	India
13	Larsen & Toubro – KBL – Maytas JV	Jointly controlled operations	N A	India
14	IVRCL – KBL – MEIL JV	Jointly controlled operations	N A	India
15	Pioneer – Avantica – ZVS – KBL JV	Jointly controlled operations	N A	India
16	AMR – Maytas – KBL – WEG JV	Jointly controlled operations	N A	India
17	Indu – Shrinivasa Constructions – KBL – WEG JV	Jointly controlled operations	N A	India
18	MEIL – KBL – IVRCL JV	Jointly controlled operations	N A	India
19	MEIL – Maytas – KBL JV	Jointly controlled operations	N A	India
20	KCCPL – TAIPPL – KBL JV	Jointly controlled operations	N A	India
21	KBL-SPML JV	Jointly controlled operations	N A	India

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

### b) Financial Interest in Jointly controlled entities

Rupees

Sr. No.	Name of the Joint Venture	Company's share in	As at 31st March, 2010	As at 31st March, 2009
1	Kirloskar Ebara Pumps Ltd.	Assets	490,124,387	385,701,714
		Liabilities	487,874,387	383,451,714
			<b>For the year ended 31st March, 2010</b>	For the year ended 31st March, 2009
		Income Expenses	577,306,009 411,136,096	577,083,045 410,641,304
2	Kirloskar Corrocoat Private Ltd.		<b>As at 31st March, 2010</b>	As at 31st March, 2009
		Assets	N A	88,852,334
		Liabilities	N A	63,852,334
			<b>For the year ended 31st March, 2010</b>	For the year ended 31st March, 2009
	Income Expenses	N A N A	151,320,186 112,525,508	

Kirloskar Corrocoat Private Ltd. has become a subsidiary company of Kirloskar Brothers Ltd. with effect from November 12, 2009.

c) **Contingent liabilities , if any , incurred in relation to interest in Joint Ventures** N I L

d) **Capital commitments , if any , in relation to interest in Joint Ventures** N I L

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

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



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

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

Particulars	Amount in Foreign Currency		Equivalent amount in Indian Rupees
<b>Liability</b>			
Sundry Creditors	<b>197,158,773</b> (4,027,985) <b>4,212,013</b> (2,039,013) <b>2,900</b> (18,148) <b>7,921,157</b> (15,514,415) <b>204,316</b> (-)	<b>JPY</b> <b>EUR</b> <b>GBP</b> <b>USD</b> <b>EGP</b>	<b>95,976,891</b> (2,094,552) <b>256,258,874</b> (138,754,845) <b>198,476</b> (1,334,288) <b>358,669,981</b> (793,717,492) <b>1,736,277</b> (-)
Loans	<b>19,695,969</b> (4,500,000) <b>882,201,481</b> (-)	<b>USD</b> <b>JPY</b>	<b>891,833,471</b> (230,220,000) <b>429,455,681</b> (-)
Advances received from Customers	<b>3,947,065</b> (1,363,369) <b>42,611</b> (34,718) <b>2,471,211</b> (5,580,638) <b>16,878,120</b> (-)	<b>EUR</b> <b>GBP</b> <b>USD</b> <b>EGP</b>	<b>240,139,447</b> (92,777,285) <b>2,916,311</b> (2,552,496) <b>111,896,424</b> (285,505,446) <b>143,430,268</b> (-)
<b>Assets</b>			
Advances to Suppliers	<b>2,821,627</b> (2,778,196) <b>21,615</b> (540,873) <b>1,814,665</b> (3,750,249) <b>80,000</b> (92,243,078) <b>9,692,440</b> (-)	<b>EUR</b> <b>GBP</b> <b>USD</b> <b>JPY</b> <b>EGP</b>	<b>168,987,240</b> (186,083,573) <b>1,467,433</b> (39,213,293) <b>81,460,306</b> (190,212,626) <b>38,312</b> (47,043,969) <b>82,366,357</b> (-)
Sundry Debtors	<b>2,316,641</b> (2,547,164) <b>500,679</b> (732,591) <b>7,613,323</b> (6,185,707) <b>3,845,696</b> (-) <b>232,787</b> (-)	<b>EUR</b> <b>GBP</b> <b>USD</b> <b>EGP</b> <b>SGD</b>	<b>138,743,629</b> (170,609,018) <b>33,991,124</b> (53,112,872) <b>341,762,064</b> (313,739,075) <b>32,680,721</b> (-) <b>7,404,967</b> (-)
Bank Accounts	<b>1,115,325</b> (998) <b>3,189,583</b> (1,634,325) <b>6,837,866</b> (-) <b>648,714</b> (-)	<b>EUR</b> <b>USD</b> <b>EGP</b> <b>GBP</b>	<b>66,796,828</b> (66,862) <b>143,180,372</b> (8,334,555) <b>58,108,184</b> (-) <b>44,041,198</b> (-)

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

### 27. Details of provisions and movements in each class of provisions.

Particulars	As at 31st March,2010 (Rs.)
	Warranty
Carrying amount at the beginning of the year	<b>31,856,656</b> (28,257,896)
Additional provision made during the year	<b>43,387,708</b> (31,856,656)
Amount used during the year	<b>31,856,656</b> (28,257,896)
Unused amounts reversed during the year	- (-)
Carrying amount at the end of the year	<b>43,387,708</b> (31,856,656)

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

#### Product Warranty

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

### 28. Stock Option Scheme

- a) The grant of options to the employees under the Stock Option Scheme is on the basis of their performance and other eligibility criteria. The Options are vested over a period of three years subject to the discretion of the Management and fulfilment of certain conditions.
- b) The maximum term of ESOP is three years from the vesting date. The ESOP will be settled in the form of Equity Shares.
- c) The details of the grants under the Stock Option Scheme are summarised below.
  - l) Details of Stock Options scheme granted in previous year :

Sr. No.	Particulars	2009-10		2008-09	
		Grant I	Grant II	Grant I	Grant II
1)	Exercise Price - Rs.	<b>200/-</b>	<b>200/-</b>	200/-	200/-
2)	Grant Date	<b>31/8/2007</b>	<b>19/1/2008</b>	31/8/2007	19/1/2008
3)	Vesting Commences on	<b>31/8/2008</b>	<b>19/1/2009</b>	31/8/2008	19/1/2009
4)	Options granted and outstanding at the beginning of the year	<b>448,415</b>	<b>22,300</b>	486,700	27,750
5)	Options granted during the year	-	-	-	-
6)	Options cancelled/ lapsed during the year	<b>156,560</b>	<b>7,985</b>	38,285	5,450
7)	Options exercised during the year	<b>10,000</b>	-	-	-
8)	Option outstanding at the end of year	<b>281,855</b>	<b>14,315</b>	448,415	22,300
9)	Options granted and outstanding at the end of the year of which				
	a. Options Vested	<b>120,795</b>	<b>6,135</b>	135,715	6,690
	b. Options yet to Vest	<b>161,060</b>	<b>8,180</b>	312,700	15,610



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

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

Sr. No.	Particulars	2009-10		
		Grant I	Grant II	Grant III
1)	Exercise Price - Rs.	2/-	2/-	2/-
2)	Grant Date	01/06/2009	06/10/2009	22/10/2009
3)	Vesting Commences on	01/06/2010	06/10/2010	22/10/2010
4)	Options granted and outstanding at the beginning of the year	-	-	-
5)	Options granted during the year	750	750	750
6)	Options lapsed during the year	-	-	-
7)	Options exercised during the year	-	-	-
8)	Option outstanding at the end of year	750	750	750
9)	Options granted and outstanding at the end of the year of which			
	a. Options Vested	-	-	-
	b. Options yet to Vest	750	750	750

29. Following investments are purchased and sold during the year :

Particulars	No. of Units	Face Value Rs.	Cost Price Rs.
ICICI Prudential Liquid - Super Institutional Plan - Daily Dividend	9,997,800	10.00	100,000,000
Birla Sun Life Cash Plus - Institutional Premium Plan - Daily Dividend	9,980,538	10.02	100,000,000
Kotak Liquid - Institutional Premium Plan - Daily Dividend	8,177,885	12.23	100,000,000
HDFC Cash Management Fund - Savings Plan - Daily Dividend	9,401,677	10.64	100,000,000
Templeton India Treasury Management Account - Super IP - Daily Dividend	99,933	1,000.67	100,000,000
JPMorgan India Liquid Fund - Super Institutional - Daily Dividend	9,992,106	10.01	100,000,000
IDFC Cash Fund - Plan C - Super Institutional Plan - Daily Dividend	9,997,501	10.00	100,000,000
HDFC Cash Management Fund - Treasury Advantage - Wholesale - Daily Dividend	9,969,536	10.03	100,009,402
Templeton India Ultra Short Bond Fund - Super Institutional - Dividend	9,989,344	10.01	100,009,321
ICICI Prudential Flexible Income Plan - Premium - Daily Dividend	9,458,636	10.57	100,010,890
JPMorgan India Treasury Fund - Super Institutional - Daily Dividend	9,991,844	10.01	100,007,370
Kotak Floater - Long Term - Daily Dividend	9,921,757	10.08	100,009,323
Birla Sun Life Savings Fund - Institutional - Daily Dividend	9,994,132	10.01	100,009,282
IDFC Money Manager - Treasury Plan - Plan C - Daily Dividend	9,999,388	10.00	100,008,882
IDFC Money Manager - Investment Plan - Plan B - Daily Dividend	4,992,511	10.02	50,000,000
Templeton India Ultra Short Bond Fund - Super Institutional - Dividend	4,994,207	10.01	50,000,000
LIC MF Liquid Fund - Daily Dividend	4,553,693	10.98	50,000,000
LIC MF Income Plus Fund - Daily Dividend	5,000,497	10.00	50,004,968

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

30. As per the information available with the Company till date; none of the suppliers have informed the Company about their having registered themselves under the "Micro, Small and Medium Enterprises Development Act, 2006". As such, information as required under this Act, cannot be compiled with and therefore, not disclosed for the year.

31. A Scheme of Arrangement between Kirloskar Brothers Limited (Company), Kirloskar Brothers Investments Limited (KBIL) and their respective shareholders, was duly approved by all the requisite regulatory authorities including Honourable High Court of Judicature at Bombay.

The Company has complied with the conditions stipulated in the High Court order and effective date of the scheme is March 2, 2010. The appointed date of Scheme of Arrangement is April 16, 2009. As contemplated in the scheme, certain specified investments, as listed in the Scheme of Arrangement, held by the Company stand transferred to and vested in KBIL without any further acts, deeds and actions.

The subscribed and paid-up equity share capital of the Company which was Rs. 211,528,710/- consisting of 105,764,355 equity shares of Rs. 2/- each stands reduced to Rs. 158,646,532/- consisting of 79,323,266 equity shares of Rs. 2/- each. This excludes further subscribed and Paid-up equity share capital of Rs. 20,000/- consisting of 10,000 equity shares of Rs. 2/- each, issued and allotted under the Company's Employees' Stock Option Scheme during the year. These 10,000 shares are kept in abeyance for want of specific Bombay High Court orders for giving effect to terms of scheme with regard to capital reduction in the Company.

Pursuant to the scheme, the carrying cost of investments transferred and the amount of the reduction in the share capital of the Company has been charged / credited to the General Reserve. The Company has also written off the amount of the original investment made during the current year in KBIL. Pursuant to the scheme, every shareholder in the Company has been issued specified shares in KBIL.

32. On September 19, 2009, Bettervalue Holdings Private Limited (BVHPL) has sold all the shares held of Kirloskar Brothers Limited, through inter se transfer amongst the group, to other promoters. As a result, BVHPL has ceased to be the holding company of Kirloskar Brothers Limited.

33. On November 12, 2009, Kirloskar Brothers Limited has acquired additional shares of the following companies and has become the holding company of these companies:

- Kirloskar Corrocoat Pvt. Ltd.
- Hematic Motors Pvt. Ltd.
- Pressmatic Electro Stampings Pvt. Ltd.
- Quadromatic Engineering Pvt. Ltd.

Prior to the above acquisition of additional shares, Kirloskar Corrocoat Pvt Ltd was only a joint venture company and the other companies were fellow subsidiary companies.

34. On February 15, 2010, Kirloskar Brothers Limited (KBL) has sold the shares held in its Wholly Owned Subsidiary - SPP Pumps Ltd (SPP) to its Wholly Owned Subsidiary based in the Netherlands, namely Kirloskar Brothers International B.V (KBI). KBI has issued 1000 shares of Euro 100 each to KBL at a premium, towards the consideration for transfer of SPP shares to them by KBL.

35. The figures have been regrouped / rearranged wherever necessary. Figures in bracket relate to previous year.



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

<b>Names of the Subsidiaries</b>	<b>Kirloskar Constructions &amp; Engineers Limited</b>	<b>SPP Pumps Limited (Consolidated)</b>	<b>Gondwana Engineers Limited</b>	<b>Kirloskar Brothers International B V (Consolidated)</b>	<b>The Kolhapur Steel Limited</b>
1. The Financial year of the Subsidiary Companies ended on	March 31, 2010	December 31, 2009	March 31, 2010	December 31, 2009	March 31, 2010
2. Holding Company's interest	Controls composition of the Board and also owns 100 % of equity share capital	Controls composition of the Board and also owns 100 % of equity share capital	Controls composition of the Board and also owns 100 % of equity share capital	Controls composition of the Board and also owns 100 % of equity share capital	Controls composition of the Board and also owns 95.95 % of equity share capital
3. Net aggregate amount of Subsidiary's Profits / (Losses) as far as it concerns members of the holding company not dealt with the Holding Company's accounts :					
(i) Profit / (Loss) for the Subsidiary's financial year end Rs.	(19,758,085)	111,657,165	29,882,850	(4,516,281)	18,479,385
(ii) Profits / (Losses) for its previous financial years since becoming subsidiary. Rs.	(140,034,992)	393,013,074	31,916,778	(13,402,801)	10,642,752
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, 2010	Nil	Nil	Nil *	Nil	Nil
(ii) for its previous financial years	Nil	Nil	Nil **	Nil	Nil
* - except dividend Rs.			6,024,000		-
** - except dividend Rs.			4,417,600		-



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

Names of the Subsidiaries	Kirloskar Brothers (Thailand) Ltd.	Hematic Motors Pvt. Ltd. (Consolidated)	Pressmatic Electo Stampings Pvt. Ltd.	Quadromatic Engineering Pvt. Ltd.	Kirloskar Corrocoat Pvt. Ltd.
1. The Financial year of the Subsidiary Companies ended on	September 30, 2009	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010
2. Holding Company's interest	Controls composition of the Board and also owns 100 % of equity share capital	Controls composition of the Board and also owns 100 % of equity share capital	Controls composition of the Board and also owns 100 % of equity share capital	Controls composition of the Board and also owns 90.63 % of equity share capital	Controls composition of the Board and also owns 65 % of equity share capital
3. Net aggregate amount of Subsidiary's Profits / (Losses) as far as it concerns members of the holding company not dealt with the Holding Company's accounts :					
(i) Profit / (Loss) for the Subsidiary's financial year end Rs.	(7,981,033)	11,971,513	8,008,073	1,450,229	21,748,720
(ii) Profits / (Losses) for its previous financial years since becoming subsidiary. Rs.	(570,108)	-	-	-	-
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, 2010	Nil	Nil*	Nil *	Nil *	Nil *
(ii) for its previous financial years	Nil	Nil	Nil	Nil	Nil
* - except dividend Rs.		8,807,400	5,842,500	904,000	32,500,000

For and on behalf of the Board of Directors

**SANJAY KIRLOSKAR**  
Chairman & Managing Director

**S. N. INAMDAR**  
Director

**G. P. KULKARNI**  
Company Secretary

**A. R. SATHE**  
Vice President (Finance)

PUNE : April 26, 2010

The Company has obtained approval of the Central Government under section 212(8) of the Companies Act, 1956 (Act), for not attaching documents of its subsidiaries referred to in Section 212(1) (a) to (d) of the Act to the Annual Accounts of the Company. As per the said approval, the Company is giving the following information in respect of its subsidiaries for the financial year ended September 30, 2009 / December 31, 2009 / March 31, 2010 and for the corresponding previous year ended September 30, 2008 / December 31, 2008 / March 31, 2009.

Particulars	Pooja Credits Pvt. Ltd.		Kirtloskar Silk Industries Ltd.		Kirtloskar Constructions & Engineers Ltd.		Gondwana Engineers Limited		The Kollhapur Steel Ltd.	
	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
<b>Balance-sheet</b>										
Share Capital	-	34,454,770	-	20,001,300	161,500,020	61,500,020	4,016,000	4,016,000	17,000,000	17,000,000
Reserves & Surplus	-	100,028,205	-	-	155,799,820	14,924,419	111,680,487	88,852,512	24,634,173	26,247,000
Minority Interest	-	-	-	-	-	-	-	-	-	-
<b>Assets</b>										
Fixed Assets	-	-	-	18,429,624	691,005,665	578,755,523	8,756,568	8,020,554	80,797,599	75,267,029
Inangible Assets	-	-	-	-	1,824,420	4,649,657	-	-	1,050,099	681,636
Investments	-	133,351,187	-	-	5,100	5,100	99,910	99,910	-	-
(see note 1 for details)	-	-	-	-	-	-	-	-	-	-
Current Assets,	-	1,184,215	-	160,069	1,364,115,970	1,332,020,833	333,383,094	251,704,391	162,525,345	178,830,030
Deferred Tax	-	-	-	-	-	-	-	-	-	-
Miscellaneous Expenditure	-	-	-	-	-	-	-	-	-	-
<b>Total Assets</b>	-	<b>134,555,402</b>	-	<b>18,589,693</b>	<b>2,056,951,155</b>	<b>1,915,431,113</b>	<b>342,239,572</b>	<b>259,824,855</b>	<b>244,373,043</b>	<b>254,778,695</b>
<b>Liabilities</b>										
Secured Loans	-	-	-	-	524,870,596	487,370,808	59,384,519	61,708,485	3,269,761	20,387,683
Unsecured Loans	-	-	-	406,404	586,281,862	550,550,000	33,700,000	13,000,000	106,705,755	126,134,107
Current Liabilities and Provisions	-	52,427	-	1,009,535	617,388,168	784,289,331	133,115,747	91,933,976	92,848,437	69,506,520
Deferred Tax	-	-	-	-	34,194,989	16,796,535	342,819	313,882	(85,083)	(4,486,615)
<b>Total Liabilities</b>	-	<b>52,427</b>	-	<b>1,415,939</b>	<b>1,762,735,615</b>	<b>1,839,006,674</b>	<b>226,543,085</b>	<b>166,956,343</b>	<b>202,738,870</b>	<b>211,531,695</b>
<b>Balance of Profit &amp; Loss Account</b>	-	-	-	<b>(2,827,546)</b>	<b>(23,084,300)</b>	-	-	-	-	-
<b>Profit &amp; Loss Account</b>										
Turnover	-	18,266,340	-	-	1,012,228,327	1,221,968,150	692,711,988	626,117,921	337,999,359	211,986,919
Profit before taxation	-	18,012,162	-	(10,432)	(2,334,631)	(109,129,344)	45,512,672	36,063,668	33,008,867	6,020,829
Provision for taxation	-	-	-	-	17,423,454	8,526,740	15,629,822	12,481,281	14,529,482	(4,621,923)
Profit after taxation	-	18,012,162	-	(10,432)	(19,758,085)	(117,656,084)	29,882,850	23,582,387	18,479,385	10,642,752
Interim Dividend	-	15,160,099	-	-	-	-	-	-	-	-
Proposed Dividend	-	-	-	-	-	-	6,024,000	4,016,000	17,000,000	-
Note 1 :										
<b>Details of Investments</b>										
57650 Equity Shares of Rs. 10/- each of Kirtloskar Investments & Finance Ltd.	-	1,153,000	-	-	-	-	-	-	-	-
17,002,090 equity shares of Rs.2/- each in Kirtloskar Industries Ltd.	-	-	-	-	-	-	-	-	-	-
(Formerly Kirtloskar Oil Engines Ltd.)	-	58,188,067	-	-	-	-	-	-	-	-
3,800,000 equity shares of Rs. 5/- each in Kirtloskar Ferrous Industries Ltd.	-	69,100,000	-	-	-	-	-	-	-	-
445,500 equity shares of Rs. 10/- each in Kirtloskar Consultants Ltd.	-	4,455,000	-	-	-	-	-	-	-	-



Particulars	Pooja Credits Pvt. Ltd.		Kirloskar Silk Industries Ltd.		Kirloskar Constructions & Engineers Ltd.		Gondwana Engineers Ltd.		The Kolhapur Steel Ltd.	
	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
4,207 equity shares of Rs. 100/- each in Hematic Motors Pvt. Ltd.	-	3,179,699								
3,360 equity shares of Rs. 100/- each in Pressmatic Electro Stampings Pvt. Ltd.	-	1,116,998								
16,375 equity shares of Rs. 10/- each in Quadromatic Engineering Pvt. Ltd.	-	706,039								
34,300 equity shares of Rs. 10/- each in Quadrant Communications Ltd.	-	343,000								
200 equity shares of Rs. 10/- each in Bank of India	-	9,000								
1 Equity Share of Kirloskar Proprietary Ltd.			5,100	5,100						
Sainath Sugar Co-op. Factory										
10 shares of Rs.1000/- each							10,000	10,000		
National Savings Certificate							23,000	23,000		
800 Equity Shares of Rs. 10/- of Oswal Agro Ranjeet Weaving Mill							31,200	31,200		
64 Equity Shares of Rs. 10/- each of Monsanto Chemical Ltd.							9,040	9,040		
100 Equity Shares of Rs. 10/- each of Sterling Tea Ltd.							26,670	26,670		
Sub Total		138,250,803	5,100	5,100			99,910	99,910		
Less: Provision for Decline in value of Investments		4,899,616								
		<b>133,351,187</b>	<b>5,100</b>	<b>5,100</b>			<b>99,910</b>	<b>99,910</b>		

Particulars	Kirtoskar Brothers (Thailand) Ltd.		Kirtoskar Brothers International B V (Consolidated Financial Statements)		SPP Pumps Limited (Consolidated Financial statements)		Hematic Motors Pvt. Ltd. (Consolidated Financial statements)		Pressmatic Electro Stampings Pvt. Ltd.		Quadromatic Engineering Pvt. Ltd.		Kirtoskar Corrocoat Pvt. Ltd.	
	As at Sept. 30, 2009 Rupees	As at Sept. 30, 2008 Rupees	As at Dec. 31, 2009 Rupees	As at Dec. 31, 2008 Rupees	As at Dec. 31, 2009 Rupees	As at Dec. 31, 2008 Rupees	As at March 31, 2010 Rupees	As at March 31, 2010 Rupees	As at March 31, 2010 Rupees	As at March 31, 2010 Rupees	As at March 31, 2010 Rupees	As at March 31, 2010 Rupees	As at March 31, 2010 Rupees	As at March 31, 2010 Rupees
<b>Balance-sheet</b>														
Share Capital	13,978,000	3,702,750	9,694,320	9,647,358	132,343,575	148,315,800	2,935,800	2,337,000	2,337,000	1,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Reserves & Surplus	143,339	-	2,048,423	674,130	526,199,764	436,687,544	190,008,946	181,655,684	181,655,684	25,830,790	58,937,567	58,937,567	58,937,567	58,937,567
Minority Interest	-	-	(913,326)	-	-	-	-	-	-	-	-	-	-	-
<b>Assets</b>														
Fixed Assets	1,101,905	72,534	1,745,125	-	336,338,904	287,589,675	28,668,638	127,875,299	127,875,299	12,307,008	88,351,954	88,351,954	88,351,954	88,351,954
Inangible Assets	-	-	-	-	-	-	656,050	863,907	863,907	16,322	-	-	-	-
Investments	-	-	-	-	-	-	350,279	15,001	15,001	9,000	-	-	-	-
(see note 1 for details)														
Current Assets,	5,612,061	3,115,104	35,697,334	17,292,959	1,772,703,131	2,101,533,141	314,373,715	409,279,772	409,279,772	24,652,424	149,892,728	149,892,728	149,892,728	149,892,728
Deferred Tax	-	-	-	-	1,437,550	8,643,177	-	-	-	-	-	-	-	-
Miscellaneous Expenditure	6,713,966	3,187,638	37,442,459	17,292,959	2,110,479,585	2,397,765,993	344,048,682	538,033,979	538,033,979	36,984,754	240,121,208	240,121,208	240,121,208	240,121,208
<b>Total Assets</b>														
<b>Liabilities</b>														
Secured Loans	-	-	-	-	102,050,996	167,976,023	26,376,450	42,003,842	42,003,842	2,296,184	12,492,143	12,492,143	12,492,143	12,492,143
Unsecured Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Current Liabilities and Provisions	1,294,048	99,051	39,863,529	16,256,005	1,349,885,250	1,644,786,626	124,024,601	180,694,793	180,694,793	8,387,222	114,352,134	114,352,134	114,352,134	114,352,134
Deferred Tax	-	-	-	-	-	-	702,885	(5,516,503)	(5,516,503)	(529,442)	4,339,364	4,339,364	4,339,364	4,339,364
<b>Total Liabilities</b>	1,294,048	99,051	39,863,529	16,256,005	1,451,936,246	1,812,762,649	151,103,936	354,041,295	354,041,295	10,153,964	131,183,641	131,183,641	131,183,641	131,183,641
<b>Balance of Profit &amp; Loss Account</b>														
<b>Profit &amp; Loss Account</b>														
Turnover	-	-	83,654,166	8,913,059	3,974,971,390	4,265,163,619	191,669,093	327,866,357	327,866,357	19,831,662	145,080,388	145,080,388	145,080,388	145,080,388
Profit before taxation	(7,981,033)	(564,596)	(4,516,281)	(12,960,721)	201,008,939	228,402,396	18,381,183	12,289,710	12,289,710	2,103,503	37,396,579	37,396,579	37,396,579	37,396,579
Provision for taxation	-	5,512	-	-	89,351,774	63,577,244	6,409,670	4,281,637	4,281,637	653,274	15,647,859	15,647,859	15,647,859	15,647,859
Profit after taxation	(7,981,033)	(570,108)	(4,516,281)	(12,960,721)	111,657,165	164,825,152	11,971,513	8,008,073	8,008,073	1,450,229	21,748,720	21,748,720	21,748,720	21,748,720
Interim Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proposed Dividend	-	-	-	-	-	-	8,807,400	5,842,500	5,842,500	1,000,000	50,000,000	50,000,000	50,000,000	50,000,000
105,000 Equity Shares of Rs.2/- each fully paid of Kirtoskar Brothers Ltd.							50,000							
225 Equity Shares of Rs.10/- each fully paid of Kirtoskar Pneumatic Co. Ltd.							27,000							
500 Equity Shares of Rs.6/- each fully paid of Alfred Herbert (India) Ltd.							9,110							
7,286 Equity Shares of Rs.10/- each fully paid of Kirtoskar Electric Co. Ltd.							163,918							
45,000 Equity Shares of Rs.10/- each fully paid of Kirtoskar Investment & Finance Ltd.							630,000							
10,000 Equity Shares of Rs.10/- each fully paid of Kirtoskar Ferrous Ind. Ltd.							100,000							
5 Shares of Rs. 50 each fully paid of Krishnakunj Co-op. Hsg. Soc. Ltd.							250							



Particulars	Kilroskar Brothers (Thailand) Ltd.		Kilroskar Brothers International B.V (Consolidated Financial Statements)		SPP Pumps Limited (Consolidated Financial statements)		Hematic Motors Pvt. Ltd. (Consolidated Financial statements)		Pressmatic Electro Stampings Pvt. Ltd.	Quadromatic Engineering Pvt. Ltd.	Kilroskar Corrocoat Pvt. Ltd.
	As at Sept. 30, 2009 Rupees	As at Sept. 30, 2008 Rupees	As at Dec. 31, 2009 Rupees	As at Dec. 31, 2008 Rupees	As at Dec. 31, 2009 Rupees	As at Dec. 31, 2008 Rupees	As at March 31, 2010 Rupees	As at March 31, 2010 Rupees	As at March 31, 2010 Rupees	As at March 31, 2010 Rupees	As at March 31, 2010 Rupees
125 Equity Shares of Rs.10/- each fully paid of Kilroskar Pneumatic Co. Ltd. 2000 Equity Shares of Rs.10/- each fully paid of Govindji Trikanddas Exports 75 Equity Shares of Rs.10/- each fully paid of Kilroskar Pneumatic Co. Ltd.									15,000 20,000	9,000	
Sub Total	-	-	-	-	-	-	980,278	35,000	9,000	-	-
Less: Provision for Decline in value of Investments	-	-	-	-	-	-	629,999	19,999	-	-	-
	-	-	-	-	-	-	350,279	15,001	9,000	-	-
<b>Exchange Rate considered for conversion</b>	1.398	1.481	60.59	68.91	67.87	74.16					





# **CONSOLIDATED FINANCIAL STATEMENTS**

## CONSOLIDATED FINANCIAL STATEMENTS

### Auditors' Report to the Board of Directors of Kirloskar Brothers Limited

We have audited the attached consolidated balance sheet of Kirloskar Brothers Limited (KBL) Group, as at 31<sup>st</sup> March 2010 and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 4,759.32 million as at 31<sup>st</sup> March, 2010, the total revenue of Rs. 6,554.23 million and cash outflows amounting to Rs. 281.93 million for the year then ended. These Financial statements and other financial information have been audited by other auditors, whose report have been furnished to us and our opinion is based solely on the reports of other auditors. Our opinion in case of the unaudited financial statements of Kirloskar Brothers International B.V. Consolidated, has been based solely on the report of the management, whose financial statements reflect total assets of Rs. 37.44 million as at 31<sup>st</sup> March, 2010, the total revenue Rs. 111.76 million and cash inflow amounting to Rs. 2.03 million for the year then ended. We have been informed that these financial statements are not subjected to an audit under any law.

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

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

- i) They are unable to comment on compliance of Accounting Standard 2 on 'Valuation of Inventories' issued under Companies (Accounting Standards) Rules, 2006 and have relied on the certification by the management. No provision has been made in respect of non-moving, obsolete and unusable inventories. Discrepancies between physical inventories and inventories as per records have not been dealt with in the accounts.*
- ii) Non- compliance of Accounting Standard 5 'Net profit or loss for the period, prior period items and changes in accounting policies' issued under Companies (Accounting Standards) Rules, 2006 in so far as it relates to the prior period items.*
- iii) Provision for gratuity and leave encashment has not been made in case of site employees and the disclosures as per Accounting Standard 15 'Employee Benefits' issued under Companies (Accounting Standards) Rules, 2006.*
- iv) The processes and internal controls in the areas of operations as well as accounting are inadequate and need to be instituted/strengthened.*
- v) Sundry Debtors, claims receivable, advances to suppliers, other loans and advances, 23 bank balances in case of sites, sundry creditors, statutory dues and other current liabilities are subject to confirmations and reconciliation. Provision required for amounts not recoverable has not been assessed. Claims*



*receivable in respect of extra work done and price escalations in respect to projects are subject to acceptance by the respective customers.*

- vi) *No provision has been made for income tax liability in respect of the years for which assessments have been completed by the concerned income tax authorities.*

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

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

- a) in the case of the consolidated balance sheet, of the state of affairs of KBL Group as at 31st March, 2010;
- b) in the case of consolidated profit and loss account, of the profit for the year ended on that date;
- c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

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

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

Pune : April 26, 2010

## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	2010 Rupees	2009 Rupees
<b>SOURCES OF FUNDS :</b>			
<b>Shareholders' Funds</b>			
Capital	1	158,509,032	211,528,710
Reserves and surplus	2	7,646,150,537	7,808,157,639
Employee Stock options outstandings		76,990,608	121,855,582
Less: Deferred employee compensation expenses		<u>7,049,214</u>	29,787,458
		<u>69,941,394</u>	<u>92,068,124</u>
		<u>7,874,600,963</u>	<u>8,111,754,473</u>
Minority Interest			
Capital		23,132,327	9,909,588
Reserves and surplus		19,297,802	6,034,842
		<u>42,430,129</u>	<u>15,944,430</u>
<b>Loan Funds</b>			
Secured Loans	3	1,570,243,858	2,570,528,602
Unsecured Loans	4	2,949,867,049	1,411,094,590
		<u>4,520,110,907</u>	<u>3,981,623,192</u>
<b>Deferred Tax-net</b>	5	121,725,983	78,924,501
<b>Total</b>		<u>12,558,867,982</u>	<u>12,188,246,596</u>
<b>APPLICATION OF FUNDS :</b>			
<b>Fixed Assets</b>			
Gross Block	6	6,451,861,184	4,996,671,173
Less: Depreciation and Impairment		2,252,022,853	1,787,578,999
Net Block		<u>4,199,838,331</u>	<u>3,209,092,174</u>
Capital work-in-progress including capital advances		291,539,756	713,776,203
		<u>4,491,378,087</u>	<u>3,922,868,377</u>
<b>Intangible Assets</b>			
Gross Block	7	119,914,099	101,403,688
Less: Amortization		99,036,382	83,890,175
Net Block		<u>20,877,717</u>	<u>17,513,513</u>
Assets under implementation including capital advances.		-	681,636
		<u>20,877,717</u>	<u>18,195,149</u>
<b>Goodwill</b>		647,931,989	469,641,079
<b>Investments</b>			
a) Long Term Investments		12,000,181	2,767,284,707
b) Current Investments		100,424,508	9,000
		<u>112,424,689</u>	<u>2,767,293,707</u>
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	8	2,827,860,384	2,361,302,709
Gross amount due from customers for project related contract work	9	2,744,898,192	2,342,221,967
Sundry debtors	10	8,118,534,712	8,122,931,600
Cash and bank balances	11	1,197,235,482	531,989,334
Other current assets	12	1,407,965,552	861,641,635
Loans and advances	13	3,650,099,117	2,915,692,581
		<u>19,946,593,439</u>	<u>17,135,779,826</u>
<b>Less: Current Liabilities &amp; Provisions</b>			
Current Liabilities	14	11,034,539,741	10,577,476,524
Gross amount due to customers for project related contract work	15	733,052,337	722,722,763
Provisions	16	894,622,387	826,426,604
		<u>12,662,214,465</u>	<u>12,126,625,891</u>
Net Current Assets		<u>7,284,378,974</u>	<u>5,009,153,935</u>
<b>Miscellaneous Expenditure</b> (To the extent not written off or adjusted)			
Preliminary Expenses		1,876,526	1,094,349
<b>Total</b>		<u>12,558,867,982</u>	<u>12,188,246,596</u>
<b>Notes to Accounts</b>	24		
The schedules referred to above and the notes to accounts form an integral part of the Balance Sheet			

As per our report of even date attached

For and on behalf of the Board of Directors

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

**SANJAY KIRLOS KAR**  
Chairman & Managing Director

**S. N. INAMDAR**  
Director

**PANKAJA BHAGWAT**  
Partner

**G. P. KULKARNI**  
Company Secretary

**A. R. SATHE**  
Vice President (Finance)

PUNE : April 26, 2010

PUNE : April 26, 2010



**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

	Schedule	2010 Rupees	2009 Rupees
<b>INCOME</b>			
Sales	17	26,589,205,796	24,526,732,915
Other income	18	289,635,697	425,735,691
<b>Total</b>		<b>26,878,841,493</b>	<b>24,952,468,606</b>
<b>EXPENDITURE</b>			
Materials consumed	19	18,288,909,185	17,748,090,313
Payments and benefits to employees	20	2,099,492,758	2,136,871,555
Operating and other expenses	21	3,735,683,321	3,065,673,103
Interest	22	454,818,027	410,687,696
Depreciation, amortization and impairment		383,879,365	300,541,016
		<b>24,962,782,656</b>	<b>23,661,863,683</b>
Less: Expenses capitalized		2,057,060	4,927,376
<b>Total</b>		<b>24,960,725,596</b>	<b>23,656,936,307</b>
<b>Profit/(Loss) before tax</b>		<b>1,918,115,897</b>	<b>1,295,532,299</b>
Provision for tax	23	785,952,604	462,843,210
<b>Profit/(Loss) after tax before prior year adjustments</b>		<b>1,132,163,293</b>	<b>832,689,089</b>
Prior year Adjustments		3,459,946	22,503
<b>Profit/(Loss) after tax after prior year adjustments</b>		<b>1,128,703,347</b>	<b>832,666,586</b>
<b>Less : Minority Share</b>		<b>7,044,458</b>	<b>(1,577,791)</b>
<b>Add : Share in Profit of the Associate Companies</b>		<b>6,044,374</b>	<b>18,450,351</b>
Balance brought forward from previous year		504,311,757	433,076,040
<b>Profit available for appropriation</b>		<b>1,632,015,020</b>	<b>1,285,770,768</b>
<b>Appropriations</b>			
Proposed dividend		486,665,213	233,528,710
Additional tax on dividend		80,980,317	42,947,185
Transfer to General Reserve		428,127,535	486,532,765
Transferred to retained earnings of Associate Companies		6,044,374	18,450,351
<b>Surplus carried to Balance Sheet</b>		<b>630,197,581</b>	<b>504,311,757</b>
		<b>1,632,015,020</b>	<b>1,285,770,768</b>
Basic Earnings per Equity Share ( Refer Note No.8 )		14.23	8.06
Diluted Earnings per Equity Share ( Refer Note No.8 )		14.23	8.06

**Notes to Accounts**

24

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

As per our report of even date attached

For and on behalf of the Board of Directors

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

**SANJAY KIRLOSKAR**  
Chairman & Managing Director

**S. N. INAMDAR**  
Director

**PANKAJA BHAGWAT**  
Partner

**G. P. KULKARNI**  
Company Secretary

**A. R. SATHE**  
Vice President (Finance)

PUNE : April 26, 2010

PUNE : April 26, 2010

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	2010 Rupees	2009 Rupees
<b>A. Cash flow from operating activities</b>		
Net profit before taxation and extraordinary items	1,918,115,897	1,295,532,299
Adjustments for		
Depreciation and amortization	383,886,295	300,541,016
Transfer from Capital Reserve	-	(8,536,041)
Employees Stock Option debited/(credited) to Profit & Loss A/c (Net)	(19,518,730)	48,033,482
Loss/(profit) on sale of fixed assets	(507,307)	(289,133)
(Profit)/loss on sale of investments	123,534	(102,841)
Unrealized foreign exchange loss/(gain)	(162,199,809)	34,994,020
Provision for doubtful debts and advances	81,915,222	88,295,586
Provision for diminution in value of investments	49,482	25,399
Provision for gratuity and leave encashment	(3,942,146)	-
Interest income	(41,517,206)	(107,478,221)
Dividend income	(33,007,256)	(147,025,574)
Investment written off	500,000	-
Excess provision written back	(2,054,005)	(3,857,905)
Prior period expenditure	(3,459,946)	(22,503)
Sundry irrecoverable balances written off	262,967	222,843
Interest expenses	454,366,148	410,687,696
Operating profits before working capital changes	<u>2,573,013,140</u>	<u>1,911,020,123</u>
(Increase)/decrease in trade and other receivables	(990,835,251)	(3,355,486,948)
(Increase)/decrease in inventories	(388,789,166)	(432,393,375)
Increase/(decrease) in sundry creditors	(94,993,240)	2,601,134,517
Cash generated from operations	<u>1,098,395,483</u>	<u>724,274,317</u>
Income tax paid	(1,052,240,805)	(444,358,176)
<b>Net cash from operating activities</b>	<u>46,154,678</u>	<u>279,916,141</u>
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets	(636,413,578)	(1,265,449,743)
Proceeds from sale of fixed assets	2,896,868	5,965,932
(Purchase)/Sale of investments	1,188,293,581	92,905,551
Interest received	79,554,256	107,337,545
Dividends received	33,374,841	147,427,174
Advance to subsidiaries	(37,474,035)	(115,374,375)
<b>Net cash from investing activities</b>	<u>630,231,933</u>	<u>(1,027,187,916)</u>
<b>C. Cash flow from financing activities</b>		
Proceeds from issuance of Share Capital	113,695,290	6,201,873
Proceeds from issuance of Share Capital from Joint Venturer	-	5,512,776
Purchase of own shares	(8,354,612)	-
(Repayment)/proceeds of/from long term borrowings (net)	1,747,636,935	715,113,173
(Repayment)/proceed of/from other borrowings (net)	(1,220,167,745)	609,712,633
Interest paid	(425,063,477)	(404,835,778)
Dividends paid	(229,949,007)	(433,303,422)
Tax on dividend paid	(40,370,725)	(77,610,919)
<b>Net cash used in financing activities</b>	<u>(62,573,341)</u>	<u>420,790,336</u>
<b>Unrealised Exchange Gain / (Loss) in cash and cash equivalents</b>	<u>(14,331,025)</u>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>	<u>613,813,270</u>	<u>(326,481,439)</u>
<b>Cash and cash equivalents at the beginning of the year</b>	<u>531,989,334</u>	<u>856,296,765</u>
Add : Due to acquisition of subsidiary	65,763,903	2,174,008
<b>Sub Total</b>	<u>597,753,237</u>	<u>858,470,773</u>
<b>Cash and cash equivalents at the end of the year</b>	<u>1,197,235,482</u>	<u>531,989,334</u>

As per our report of even date attached

For and on behalf of the Board of Directors

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

**SANJAY KIRLOS KAR**  
Chairman & Managing Director

**S. N. INAMDAR**  
Director

**PANKAJA BHAGWAT**  
Partner

**G. P. KULKARNI**  
Company Secretary

**A. R. SATHE**  
Vice President (Finance)

PUNE : April 26, 2010

PUNE : April 26, 2010



## SCHEDULE TO THE CONSOLIDATED ACCOUNTS

	2010 Rupees	2009 Rupees
<b>SCHEDULE 1 : SHARE CAPITAL *</b>		
Authorized		
250,000,000 (250,000,000) equity shares of Rs.2/- (Rs.2/-) each	<b>500,000,000</b>	500,000,000
	<b>500,000,000</b>	500,000,000
Issued		
79,323,266 (105,907,030) equity shares of Rs.2/- each (Rs.2/-) each (after capital reduction, as per scheme of arrangement)	<b>158,646,532</b>	211,814,060
10,000 (-) equity shares of Rs.2/- each** (Rs.2/-) each	<b>20,000</b>	-
	<b>158,666,532</b>	211,814,060
Subscribed and paid up		
79,323,266 (105,764,355) equity shares of Rs.2/- each (Rs.2/-) each	<b>158,646,532</b>	211,528,710
10,000 (-) equity shares of Rs.2/- each** (Rs.2/-) each	<b>20,000</b>	-
	<b>158,666,532</b>	211,528,710
Less : 78,750 (-) equity shares of Rs. 2/- each (Rs.2/-) each. Shares held by subsidiary company	<b>157,500</b>	-
	<b>158,509,032</b>	211,528,710
Out of the above		
(i) 123,750 (165,000) equity shares of Rs.2/- (Rs.2/-) each were allotted as fully paid up pursuant to contract for consideration other than cash.		
(ii) 66,374,981 (88,499,975) shares of Rs.2/- (Rs.2/-) each were allotted as fully paid up bonus shares by capitalisation of General Reserve and Share Premium		
(iii) Nil (52,694,805) shares of Rs.2/- (Rs.2/-) each are held by Better Value Holdings Pvt. Ltd., the erstwhile holding Company.		
* [Refer note no. B - 10]		
** kept in abeyance [Refer note no. B - 10]		
	<b>158,509,032</b>	211,528,710

## SCHEDULE TO THE CONSOLIDATED ACCOUNTS (CONTD.)

	2010 Rupees	2009 Rupees
<b>SCHEDULE 2 : RESERVES AND SURPLUS</b>		
Capital Reserve		
Balance as per last account	10,588,016	19,124,057
Add : Increase on account of acquisition of subsidiary (Net)	175,877	-
Less : Transfer to Profit & Loss Account	-	8,536,041
	<u>10,763,893</u>	<u>10,588,016</u>
[Includes Rs. 4,701,504/- (Rs. 4,701,504/-) on the acquisition of Associate Companies, Rs. 73,419/-(Rs. 73,419/-) on acquisition of interest in joint venture companies and Rs. 175,877 (Nil) on account of acquisition of subsidiaries]		
Capital Redemption Reserve	6,625,000	6,625,000
Share Premium Account		
Balance as per last account	395,881,752	395,881,752
Add: Premium on shares issued during the year	4,588,000	-
	<u>400,469,752</u>	<u>395,881,752</u>
General Reserve		
Balance as per last account	6,624,308,380	6,137,775,615
Less : Transfer as per scheme of arrangement [Refer Note No. B - 10]	615,487,490	-
Add : Reduction in capital as per scheme of arrangement [Refer Note No. B-10]	52,882,178	-
Add: Transfer from Aggregate Share in Retained Earnings of Associate Companies	235,332,220	-
Add: Transfer from Profit and Loss Account	428,127,535	486,532,765
	<u>6,725,162,823</u>	<u>6,624,308,380</u>
Profit and Loss Account	630,197,581	504,311,757
Aggregate Share in Retained Earnings of Associate Companies		
Balance as per last account	229,287,846	210,837,495
Add : Transferred from Profit and Loss Account	6,044,374	18,450,351
	<u>235,332,220</u>	<u>229,287,846</u>
Less : Transferred to General Reserve	235,332,220	-
	-	<u>229,287,846</u>
Foreign Exchange Translation Reserve		
Balance as per last account	37,154,888	(5,365,745)
Addition / Deduction for the year	(164,223,400)	42,520,633
	<u>(127,068,512)</u>	<u>37,154,888</u>
	<u>7,646,150,537</u>	<u>7,808,157,639</u>
<b>SCHEDULE 3 : SECURED LOANS</b>		
Loans and advances from banks		
Cash/Export Credit facilities	755,170,483	1,979,440,328
[Secured by hypothecation of tangible movable assets and book debts of the company]		
Other loans and advances		
External Commercial Borrowing from Credit		
Agricole Corporate & Investment Bank	451,043,247	-
EXIM Bank	-	145,454,548
Other Banks	363,985,608	445,455,646
[Secured by way of hypothecation of movable fixed assets and mortgage of immovable properties of the company (both present and future)].		
Term Loan Secured by hypothecation of vehicles purchased out of this loan	44,520	178,080
	<u>1,570,243,858</u>	<u>2,570,528,602</u>



## SCHEDULE TO THE CONSOLIDATED ACCOUNTS (CONTD.)

	2010 Rupees	2009 Rupees
<b>SCHEDULE 4 : UNSECURED LOANS</b>		
Interest free loan under Sales Tax Deferral Scheme	70,371,293	70,874,590
Inter Corporate Deposits	-	40,000,000
Foreign Currency Short term Loans and advances	1,942,636,593	230,220,000
Rupee Short term Loans and advances	936,859,163	1,070,000,000
	<u>2,949,867,049</u>	<u>1,411,094,590</u>

## SCHEDULE 5 : DEFERRED TAX-NET

<b>Deferred Tax Liabilities</b>		
On depreciation/amortization of fixed assets	201,708,049	228,334,326
Other timing differences	58,484,276	52,469
	<u>260,192,325</u>	<u>228,386,795</u>
<b>Deferred tax assets</b>		
On employees voluntary retirement schemes	65,107	441,770
On provision for doubtful debts/advances	65,313,586	49,809,661
Provision for leave encashment and pension	40,766,613	87,371,187
Other timing differences	32,321,036	11,839,676
	<u>138,466,342</u>	<u>149,462,294</u>
	<u>121,725,983</u>	<u>78,924,501</u>

## SCHEDULE 6 : FIXED ASSETS

	(In Rupees)							
	Land Free/ Lease Hold	Buildings	Railway Siding	Plant & Machinery	Furniture & Fittings	Vehicles	Total	Previous Year
<b>Gross Block</b>								
At 01.04.2009	315,181,559	884,738,684	1,575,815	3,494,716,807	186,837,123	113,621,185	4,996,671,173	4,032,191,487
Addition of subsidiary	10,918,407	26,499,745	39,490	172,546,792	7,228,695	8,588,570	225,821,699	-
Elimination of subsidiary	(18,429,624)	-	-	-	-	-	(18,429,624)	-
Additions / Assets Acquired	1,744,740	425,148,754	34,500	645,186,499	39,017,075	17,030,206	1,128,161,774	1,001,008,201
Additions/ Assets acquired / transferred	(5,766,477)	451,648,499	73,990	817,733,291	46,245,770	25,618,776	1,335,553,849	1,001,008,201
Additions on account of revaluation	3,326,320	-	-	137,473,500	-	-	140,799,820	-
Deductions	-	653,977	-	18,665,710	556,275	1,287,696	21,163,658	36,528,515
<b>At 31.03.2010</b>	<b>312,741,402</b>	<b>1,335,733,206</b>	<b>1,649,805</b>	<b>4,431,257,888</b>	<b>232,526,618</b>	<b>137,952,265</b>	<b>6,451,861,184</b>	4,996,671,173
<b>Depreciation / Amortisation</b>								
At 01.04.2009	-	134,665,029	1,435,958	1,476,415,645	101,473,281	71,089,086	1,785,078,999	1,480,594,509
Addition of subsidiary	150,697	4,776,135	11,128	81,093,714	3,542,742	5,870,634	95,445,050	-
For the year	68,779	32,385,257	46,287	332,006,570	13,535,929	9,693,101	387,735,923	334,816,211
For the year including on								
Assets Acquired	219,476	37,161,392	57,415	413,100,284	17,078,671	15,563,735	483,180,973	334,816,211
Recouped	-	279,819	-	17,675,788	167,723	613,789	18,737,119	30,331,721
<b>At 31.03.2010</b>	<b>219,476</b>	<b>171,546,602</b>	<b>1,493,373</b>	<b>1,871,840,141</b>	<b>118,384,229</b>	<b>86,039,032</b>	<b>2,249,522,853</b>	1,785,078,999
<b>Provision for Impairment</b>	-	-	-	2,500,000	-	-	2,500,000	2,500,000
<b>Net Block</b>								
<b>At 31.03.2010</b>	<b>312,521,926</b>	<b>1,164,186,604</b>	<b>156,432</b>	<b>2,556,917,747</b>	<b>114,142,389</b>	<b>51,913,233</b>	<b>4,199,838,331</b>	3,209,092,174
<b>Assets under Erection including</b>								
<b>Capital Advances</b>	-	-	-	-	-	-	291,539,756	713,776,203
<b>At 31.03.2010</b>	<b>312,521,926</b>	<b>1,164,186,604</b>	<b>156,432</b>	<b>2,556,917,747</b>	<b>114,142,389</b>	<b>51,913,233</b>	<b>4,491,378,087</b>	3,922,868,377
At 31.03.2009	315,181,559	750,073,655	139,857	2,015,801,162	85,363,842	42,532,099	3,209,092,174	

In respect of Fixed Assets, assets acquired / transferred include Rs. 207,392,075/- and depreciation for the year on assets acquired include Rs. 95,445,050/- on account of the opening block of the companies acquired and transferred during the year.

## SCHEDULE TO THE CONSOLIDATED ACCOUNTS (CONTD.)

	2010 Rupees	2009 Rupees
<b>SCHEDULE 7 : INTANGIBLE ASSETS</b>		
<b>Gross Block</b>		
At 01.04.2009	101,403,688	94,433,936
Additions / Assets acquired	18,510,411	6,969,752
Deductions	-	-
<b>At 31.03.2010</b>	<b>119,914,099</b>	<b>101,403,688</b>
<b>Amortization</b>		
At 01.04.2009	83,890,175	72,506,468
For the year including on assets acquired	15,146,207	11,383,707
Recouped	-	-
<b>At 31.03.2010</b>	<b>99,036,382</b>	<b>83,890,175</b>
<b>Net Block as at 31.03.2010</b>	<b>20,877,717</b>	<b>17,513,513</b>
<b>Assets under implementation including capital advances.</b>	<b>-</b>	<b>681,636</b>
	<b>20,877,717</b>	<b>18,195,149</b>
<b>SCHEDULE 8 : INVENTORIES</b>		
Raw materials and components	991,463,433	796,478,622
Stores and spares	49,833,376	77,561,299
Work-in-progress	1,460,999,727	1,078,591,403
Finished goods	325,563,848	408,671,385
	<b>2,827,860,384</b>	<b>2,361,302,709</b>
<b>SCHEDULE 9 : GROSS AMOUNT DUE FROM CUSTOMERS FOR PROJECT RELATED CONTRACT WORK</b>		
Cost incurred plus recognized profits less recognized losses	40,527,153,235	27,713,307,445
Less: Progress billing	37,782,255,043	25,371,085,478
	<b>2,744,898,192</b>	<b>2,342,221,967</b>
<b>SCHEDULE 10 : SUNDRY DEBTORS</b>		
<b>Debts outstanding for a period exceeding six months</b>		
Unsecured, considered good	1,948,946,890	1,994,337,305
Considered doubtful	177,100,910	162,571,039
<b>Other debts</b>		
Unsecured, considered good	6,169,587,822	6,128,594,295
	<b>8,295,635,622</b>	<b>8,285,502,639</b>
Less: Provision for doubtful debts	177,100,910	162,571,039
	<b>8,118,534,712</b>	<b>8,122,931,600</b>



## SCHEDULE TO THE CONSOLIDATED ACCOUNTS (CONTD.)

	2010 Rupees	2009 Rupees
<b>SCHEDULE 11 : CASH AND BANK BALANCES</b>		
Cash on hand	11,927,912	6,246,551
Balances with scheduled banks		
On current accounts	565,058,464	484,101,848
On deposit accounts	114,808,831	41,459,439
Balances with other banks		
On current accounts	2,434,934	181,496
On deposit accounts	503,005,341	-
	<u>1,197,235,482</u>	<u>531,989,334</u>
<b>SCHEDULE 12 : OTHER CURRENT ASSETS</b>		
Interest accrued on investments	5,260,035	42,477,338
Claims receivable	1,401,565,691	819,164,297
Other current assets	1,139,826	-
	<u>1,407,965,552</u>	<u>861,641,635</u>
<b>SCHEDULE 13 : LOANS AND ADVANCES</b>		
Unsecured considered good		
Advances recoverable in cash or kind or for value to be received	2,041,826,520	2,156,985,327
Considered doubtful	10,499,007	10,083,848
Balances with customs, excise, etc.	2,818,294	15,008,114
Deposits with post & others	1,260,921,538	714,523,139
Advance Income tax (net of provision for tax)	344,532,765	29,176,001
	<u>3,660,598,124</u>	<u>2,925,776,429</u>
Less: Provision	10,499,007	10,083,848
	<u>3,650,099,117</u>	<u>2,915,692,581</u>
<b>SCHEDULE 14 : CURRENT LIABILITIES</b>		
Acceptances	12,651,080	81,637,916
Sundry Creditors	7,192,697,498	7,399,336,308
Advances and deposits from customers	2,941,489,950	2,660,238,515
Items covered by Investor Education Protection Fund		
(a) Unpaid dividend	48,731,200	44,783,912
(b) Unpaid Matured Deposits	516,000	913,000
Other liabilities	781,128,227	361,106,943
Interest accrued but not due on loans	57,325,786	29,459,930
	<u>11,034,539,741</u>	<u>10,577,476,524</u>
<b>SCHEDULE 15 : GROSS AMOUNT DUE TO CUSTOMERS FOR PROJECT RELATED CONTRACT WORK</b>		
Progress billing	8,918,354,977	7,364,837,239
Less: Cost incurred plus recognized profits less recognized losses	8,185,302,640	6,642,114,476
	<u>733,052,337</u>	<u>722,722,763</u>

## SCHEDULE TO THE CONSOLIDATED ACCOUNTS (CONTD.)

	2010 Rupees	2009 Rupees
<b>SCHEDULE 16 : PROVISIONS</b>		
Proposed dividend	486,665,213	233,528,710
Additional tax on dividend	80,980,317	40,370,725
Provision for product warranties	74,972,012	77,993,171
Provision for leave encashment	208,888,428	242,876,367
Provision for pension benefits	21,280,300	30,115,369
Other provisions	21,836,117	201,542,262
	<u>894,622,387</u>	<u>826,426,604</u>
<b>SCHEDULE 17 : SALES AND CONTRACT REVENUE</b>		
Sales (Gross)	15,272,601,358	14,624,994,996
Less: Excise duty recovered	504,243,006	651,949,696
	<u>14,768,358,352</u>	<u>13,973,045,300</u>
Construction and project related revenue	11,820,847,444	10,553,687,615
	<u>26,589,205,796</u>	<u>24,526,732,915</u>
<b>SCHEDULE 18 : OTHER INCOME</b>		
Income from investments		
Interest from long term investments	38,602,121	104,899,523
[(Tax deducted at source Rs.nil (Previous year Rs.nil)]		
Dividend income		
(a) Trade investment	27,613,523	144,182,568
(b) Other investments - Current	-	2,731,115
(c) Other investments - Long term	5,393,733	111,891
Profit on sale of current investments	-	102,841
Other Interest	3,879,685	2,578,698
Profit on sale of fixed assets	1,454,463	3,803,309
Royalty received	643,505	1,334,443
House rent	2,898,303	752,868
Recovery of bad debts	77,115,744	51,449,253
Agency Commission	24,422,926	-
Miscellaneous income	107,611,694	105,253,141
Transfer from capital reserve	-	8,536,041
	<u>289,635,697</u>	<u>425,735,691</u>



**SCHEDULE TO THE CONSOLIDATED ACCOUNTS (CONTD.)**

	2010 Rupees	2009 Rupees
<b>SCHEDULE 19 : MATERIALS CONSUMED</b>		
Raw materials consumed	13,191,239,045	13,087,603,929
Stores and spares consumed	409,013,729	450,357,510
Processing charges	761,033,000	634,228,206
Purchase of traded goods	<u>4,164,003,641</u>	<u>3,951,783,319</u>
	<b>18,525,289,415</b>	<b>18,123,972,964</b>
<b>(Increase)/Decrease in stocks</b>		
Opening stock		
Work-in-progress	1,111,993,954	764,937,489
Finished goods	<u>438,189,391</u>	<u>346,442,648</u>
	<b>1,550,183,345</b>	<b>1,111,380,137</b>
Closing stock		
Work-in-progress	1,460,999,727	1,078,591,403
Finished goods	<u>325,563,848</u>	<u>408,671,385</u>
	<b>1,786,563,575</b>	<b>1,487,262,788</b>
	<b>(236,380,230)</b>	<b>(375,882,651)</b>
	<u><b>18,288,909,185</b></u>	<u><b>17,748,090,313</b></u>
<b>SCHEDULE 20 : PAYMENTS AND BENEFITS TO EMPLOYEES</b>		
Salaries, wages and bonus	1,833,500,520	1,853,547,674
Payment under Voluntary Retirement Schemes	-	2,811,710
Contribution to Provident Fund and E.S.I.	147,850,681	201,738,829
Gratuity	23,066,251	5,607,291
Welfare expenses	95,882,299	68,830,530
Pension benefits	<u>(806,993)</u>	<u>4,335,521</u>
	<u><b>2,099,492,758</b></u>	<u><b>2,136,871,555</b></u>

## SCHEDULE TO THE CONSOLIDATED ACCOUNTS (CONTD.)

	2010 Rupees	2009 Rupees
<b>SCHEDULE 21 : OPERATING AND OTHER EXPENSES</b>		
Power & fuel	195,890,747	203,382,123
Repairs and maintenance		
Plant and machinery	109,066,396	118,923,335
Buildings	92,484,176	39,685,028
Rent	140,447,434	121,754,595
Rates and taxes	13,811,729	13,184,176
Travel and conveyance	349,474,360	354,219,850
Postage and telephone	102,091,512	76,733,581
Insurance	166,925,630	156,135,466
Directors' sitting fees	1,104,850	1,038,150
Directors' remuneration	101,976,008	64,373,469
Royalties and fees	56,479,572	48,376,810
Cash discount	75,475,631	31,971,149
Freight and forwarding charges	376,435,701	288,896,152
Brokerage and commission	265,325,830	281,882,883
Advertisements and publicity	275,499,563	83,400,188
Product warranty	68,614,035	45,232,716
Excise duty paid	13,687,668	15,995,473
Bank charges	182,839,239	164,805,855
Loss on sale/disposal of fixed assets	1,049,433	3,514,177
Loss on disposal of investments	123,535	-
Investment written off	500,000	-
Bad debts written off	20,319,232	9,099,367
Provision for doubtful debts and advances	81,793,710	88,198,223
Provision for decline in value of investments	49,483	25,399
Donations	19,524,852	10,642,033
Preliminary expenses written off	221,124	156,087
Loss on transfer of subsidiary companies (Net) (Refer note no B-10)	162,686,840	-
Other miscellaneous expenses	861,785,031	844,046,818
	<b>3,735,683,321</b>	<b>3,065,673,103</b>
<b>SCHEDULE 22 : INTEREST</b>		
Interest		
On fixed loans and debentures	133,308,121	129,222,612
On other loans	321,509,906	281,465,084
	<b>454,818,027</b>	<b>410,687,696</b>
<b>SCHEDULE 23 : PROVISION FOR TAX</b>		
Income tax for the year		
Current	748,827,475	449,533,946
Deferred	37,065,765	(10,953,746)
Fringe benefit tax	-	24,174,580
Adjustments for earlier year/s	59,364	88,430
	<b>785,952,604</b>	<b>462,843,210</b>



## SCHEDULE 24 : NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

### A ACCOUNTING POLICIES

#### 1. Principals of Consolidation

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

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

Name of the Company	Country of Incorporation	Proportion of Ownership Interest of KBL	Reporting Date
Pooja Credits Private Limited (up to 15.4.2009) @	India	100%	15 <sup>th</sup> April, 2009
Kirloskar Silk Industries Limited (up to 15.4.2009) @	India	100%	15 <sup>th</sup> April, 2009
Kirloskar Constructions and Engineers Ltd.	India	100%	31 <sup>st</sup> March, 2010
SPP Pumps Ltd. (Consolidated Financial Statements)	United Kingdom	100%	31 <sup>st</sup> December, 2009
Gondwana Engineers Ltd.	India	100%	31 <sup>st</sup> March, 2010
Kirloskar Brothers International B.V (Consolidated Financial Statements)	The Netherlands	100%	31 <sup>st</sup> December, 2009
The Kolhapur Steel Ltd.	India	95.95%	31 <sup>st</sup> March, 2010
Kirloskar Brothers (Thailand) Ltd.	Thailand	100%	30 <sup>th</sup> September, 2009
Hematic Motors Pvt. Ltd. (from 12.11.2009) @@ (Consolidated Financial Statements)	India	100%	31 <sup>st</sup> March, 2010
Pressmatic Electro Stampings Pvt. Ltd. (from 12.11.2009) @@	India	100%	31 <sup>st</sup> March, 2010
Quadromatic Engineering Pvt Ltd. (from 12.11.2009) @@	India	90.63%	31 <sup>st</sup> March, 2010
Kirloskar Corrocoat Pvt. Ltd. (from 12.11.2009) @@	India	65.00%	31 <sup>st</sup> March, 2010

@ Pursuant to the Scheme of Arrangement between Kirloskar Brothers Limited (Company), Kirloskar Brothers Investments Limited (KBIL) and their respective shareholders, investment in these companies are transferred to KBIL with effect from 16<sup>th</sup> April, 2009. (refer note no B -10)

@@ On November 12, 2009, the Company has acquired additional shares of the following companies and the Company has become the holding company of these companies:

- Kirloskar Corrocoat Pvt. Ltd.
- Hematic Motors Pvt. Ltd.
- Pressmatic Electro Stampings Pvt. Ltd.
- Quadromatic Engineering Pvt. Ltd.

Prior to the above acquisition of additional shares, Kirloskar Corrocoat Pvt Ltd was only a joint venture company and the other companies were associate companies.

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

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

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

The jointly controlled joint venture companies considered in the consolidated financial statements are :

Name of the Company	Country of Incorporation	Proportion of Ownership Interest of KBL
Kirloskar Ebara Pumps Limited	India	45%
Kirloskar Corrocoat Pvt. Limited (up to 11.11.2009)	India	50%

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

Rs.

Particulars	Kirloskar Ebara Pumps Ltd.	Kirloskar Corrocoat Pvt. Ltd.*
<b>Sources of Funds</b>		
Reserves & Surplus	446,757,606	-
Secured Loans	23,212,373	-
Un-secured Loans	7,714,946	-
Deferred Tax (Net)	10,189,463	-
<b>Application of Funds</b>		
Fixed Assets	194,058,017	-
Intangible Assets	2,721,681	-
Investments	100,424,508	-
Current Assets	330,041,507	-
Current Liabilities	137,121,325	-
Net Current Assets	192,920,182	-

\* Kirloskar Corrocoat Pvt. Ltd. has become a subsidiary company of Kirloskar Brothers Limited with effect from November 12, 2009

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

Rs.

Particulars	Kirloskar Ebara Pumps Ltd.	Kirloskar Corrocoat Pvt. Ltd. (up to 11.11.2009)
<b>Income</b>		
Sales and Other Income	577,306,009	45,553,374
<b>Expenditure</b>		
Materials consumed	291,934,927	21,779,425
Payments and benefits to employees	35,414,721	4,413,435
Operating and other expenses	67,543,063	10,928,352
Interest	372,745	920,265
Depreciation and amortization	15,870,640	1,673,222
Provision for Tax	55,958,886	661,500



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

- c) its associate companies by using equity method for accounting for KBL's investment in its associate companies. Under this method investment is increased or decreased to recognise KBL's share of profits or losses of the associate companies after the date of acquisition. Distributions received from the associate companies reduce the carrying amount of investments. Where an associate company presents a consolidated financial statement the results and the net assets taken into account are those reported in the associate's consolidated financial statements.

The associate companies considered in the consolidated financial statements :

Name of the company	Proportion of Ownership Interest of KBL
Hematic Motors Pvt. Limited (consolidated financial statements)	36%
Pressmatic Electro Stampings Pvt. Limited	36%
Quadromatic Engineering Pvt. Limited	24%

Share of profits and losses of associate companies considered in the consolidated profit and loss account :

Name of the company	Share of Profit/(Loss) Rs.
Hematic Motors Pvt. Limited	3,431,698
Pressmatic Electro Stampings Pvt. Limited	2,236,064
Quadromatic Engineering Pvt. Limited	376,612
<b>Total</b>	<b>6,044,374</b>

### 2 Other Accounting Policies :

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

The operations of the foreign subsidiaries are not considered as an integral part of the operations of the parent company. Hence, all monetary and non monetary assets and liabilities have been translated at the exchange rate prevailing as on 31<sup>st</sup> March, 2010.

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

### 3 Accounting policies other than those adopted by the parent company for the consolidated financial statements -

#### I Subsidiary Companies

##### a) Gondwana Engineers Ltd:

###### i) Provision for Long term benefits-leave encashment :

Leave encashment is accounted at the time of payment as against the basis of actuarial valuation followed by the Parent Company. The proportion of such provision in the consolidated statement is Nil (Nil) as there is no charge to the Profit and Loss account for the year.

###### ii) Depreciation:

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

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

### b) **Hematic Motors Pvt. Ltd. / Pressmatic Electro Stampings Pvt. Ltd. / Quadromatic Engineering Pvt. Ltd.**

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

### II **Joint Venture Companies**

#### **Kirloskar Ebara Pumps Limited**

- i) Work in Progress, raw materials, stores, spare and tools are valued at 'Cost' as against 'Cost or Net Realisable value whichever is lower', followed by the parent company. The proportion of such inventory in the consolidated statement is 3.73% (4.39%).
- ii) Intangible Asset: Technical Knowhow fees, is amortised on Straight Line Method over the term of agreement as against on Straight Line Method over a period of three years. The proportion of such amortisation in the consolidated statements is 6.16% (6.49%).

### B **OTHER NOTES**

#### 1) **The figures for the year ended March 31st, 2010 are not comparable with that of the previous year as the current year's figures :**

- I) Include results of the operations of The Kolhapur Steel Ltd from 1st April 2009 to 31st March 2010 as against the period from 2nd August 2008 to 31st March 2009 in the previous year.
- II) Include results of the operations of Kirloskar Brothers Thailand Ltd. from 1st October, 2008 to 30th September, 2009 as against the period from 26th September 2008 to 30th September 2008 in the previous year.
- III) Include results of the operations of Pooja Credits Pvt. Ltd and Kirloskar Silk Industries Ltd for the period from 1st April 2009 to 15th April 2009 as against the period from 1st April, 2008 to 31st March 2009 in the previous year.
- IV) Include results of the operations of Hematic Motors Pvt. Ltd., Pressmatic Electro Stampings Pvt. Ltd., and Quadromatic Engineering Pvt. Ltd as associate companies from 1st April 2009 to 11th November 2009, and as subsidiary companies from 12th November 2009 to 31st March, 2010, as against from 1st April, 2008 to 31st March 2009 in the previous year as associate companies.
- V) Include results of the operations of Kirloskar Corrocoat Pvt. Ltd as joint venture company from 1st April, 2009 to 11th November, 2009, and as subsidiary company from 12th November, 2009 to 31st March, 2010, as against as joint venture company from 1st April, 2008 to 31st March, 2009 in the previous year.

#### 2) **The effect of acquisition and formation of subsidiary companies:**

The acquisitions of Hematic Motors Pvt. Ltd., Pressmatic Electro Stampings Pvt. Ltd., Quadromatic Engineering Pvt. Ltd. and Kirloskar Corrocoat Pvt. Ltd. has resulted in:

- I) an increase of Rs. 433,318,625/- (Previous year Rs. 17,311,221/-) in the financial position as on 31st March, 2010 as compared to 31st March, 2009.
- II) an increase of Rs. 35,426,898/- (Previous year Rs. 2,383,403/-) in group profit net of minority interest for the year ended on 31st March, 2010 as compared to the year ended on 31st March, 2009.



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

The details of consideration paid, Goodwill recognised and equity acquired are as under :

Rs.

Name of the Company	Goodwill/ (Capital Reserve) Recognised	Consideration Paid	Equity
Hematic Motors Pvt. Ltd.	111,663,382	217,371,299	105,707,917
Pressmatic Electro Stampings Pvt. Ltd.	161,570,397	266,918,468	105,348,071
Quadromatic Engineering Pvt. Ltd .	12,940,396	30,130,888	17,190,492
Kirloskar Corrocoat Pvt. Ltd.	(570,676)	94,000,000	94,570,676

### 3) The effect of transfer of subsidiary companies: (refer note no B -10)

The transfer of Pooja Credits Pvt. Ltd. and Kirloskar Silk Industries Ltd. has resulted in net loss of Rs.162,686,840/-

### 4) Contingent liabilities not provided for in respect of :

	2010 Rupees	2009 Rupees
a) Guarantees:		
By the company to ICICI Bank Ltd. on behalf of SPP Pumps Ltd. (GBP 3,500,000)	<b>239,540,000</b>	257,320,000
By the company to Barclays Bank Ltd. on behalf of SPP Pumps Ltd. (GBP 4,000,000)	<b>273,760,000</b>	294,080,000
By the company to Citi Bank NA on behalf of SPP Pumps Ltd. (GBP 8,000,000)	<b>547,520,000</b>	588,160,000
By the company to Indian Overseas Bank Ltd. on behalf of Kirloskar Constructions and Engineers Ltd.	<b>800,000,000</b>	800,000,000
By the company to Bank of Maharashtra on behalf of Gondwana Engineers Limited	<b>145,000,000</b>	145,000,000
By the company to Citi Bank N.A. on behalf of Kirloskar Brothers (Thailand) Ltd. (USD 500,000)	<b>22,640,000</b>	-
b) Central Excise (Matter Subjudice)	<b>31,719,618</b>	14,347,263
c) Sales Tax (Matter Subjudice)	<b>89,377,579</b>	89,056,373
d) Income Tax (Matter Subjudice)	<b>523,194,350</b>	395,323,477
e) Labour Matters (Matter Subjudice)	<b>37,474,843</b>	39,278,282
f) Other Legal Cases (Matter Subjudice)	<b>585,161,252</b>	18,792,301
g) Other Matters	<b>1,225,000</b>	-
h) Letters of Credit Outstanding	<b>2,201,793,248</b>	2,366,640,832

### 5) Estimated amount of contracts remaining to be executed on capital account and not provided for

<b>99,560,004</b>	190,563,183
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### 6) Construction Contracts:

a) Contract revenue recognised as revenue for the year ended 31st March 2010	<b>11,820,847,444</b>	10,553,687,615
b) The aggregate amount of contract costs incurred and recognised profits less recognised losses upto 31st March 2010	<b>44,856,296,836</b>	34,355,421,921
c) Amount of advances received as on 31st March 2010 for contracts in progress	<b>1,500,973,831</b>	1,305,754,671
d) Amount of retentions as on 31st March 2010 for contracts in progress	<b>723,975,163</b>	603,382,520

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

### 7. Related Party Disclosures

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

Sr. No.	Name of the related party	Nature of relationship	Effective Date
1	Better Value Holdings Pvt. Ltd.	Holding company	up to 19.09.2009
2	Pooja Credits Pvt. Ltd.	Subsidiary company	up to 15.04.2009
3	Kirloskar Silk Industries Ltd.	Subsidiary company	up to 15.04.2009
4	Kirloskar Constructions and Engineers Ltd	Subsidiary Company	
5	Gondwana Engineers Ltd	Subsidiary Company	
6	The Kolhapur Steel Ltd.	Subsidiary Company	
7	Hematic Motors Private Ltd.	Subsidiary Company	from 12.11.2009
8	Vakasa Electricals Private Ltd.	Subsidiary Company of Hematic Motors Pvt. Ltd	
9	Moreshwar Electricals Private Ltd..	Subsidiary Company of Hematic Motors Pvt. Ltd	
10	Ila Electricals Private Ltd..	Subsidiary Company of Hematic Motors Pvt. Ltd	
11	Quadromatic Engineering Private Ltd.	Subsidiary Company	from 12.11.2009
12	Pressmatic Electro Stampings Private Ltd.	Subsidiary Company	from 12.11.2009
13	Kirloskar Corrocoat Private Ltd.	Subsidiary Company	from 12.11.2009
14	Kirloskar Brothers International B V	Subsidiary Company	
15	Kirloskar Brothers Europe B.V.	Subsidiary of Kirloskar Brothers International BV	
16	Kirloskar Brothers (Thailand) Ltd.	Subsidiary Company	
17	SPP Pumps Ltd.	Subsidiary of Kirloskar Brothers International BV	
18	SPP Pumps France EURL	Subsidiary of SPP Pumps Ltd.	
19	Certified Engines Ltd	Subsidiary of SPP Pumps Ltd.	
20	SPP (South Africa) (Pty) Ltd.	Subsidiary of SPP Pumps Ltd.	
21	SPP Pumps Holdings LLC	Subsidiary of SPP Pumps Ltd.	
22	SPP Pumps Management LLC	Subsidiary of SPP Pumps Ltd.	
23	SPP Pumps LP	Subsidiary of SPP Pumps Ltd.	
24	SPP France S A S	Subsidiary of SPP Pumps Ltd.	
25	Kirloskar Industries Ltd. (formerly known as Kirloskar Oil Engines Ltd.)	Fellow Subsidiary Company	up to 15.04.2009
26	Kirloskar Pneumatic Company Ltd.	Fellow Subsidiary Company	up to 15.04.2009
27	Kirloskar Systems Ltd.	Fellow Subsidiary Company	up to 19.09.2009
28	Kirloskar Proprietary Ltd.	Fellow Subsidiary Company	up to 19.09.2009



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

**(B) Disclosure of related party transactions**

Rs.

Sr. No.	Nature of transaction/relationship/major parties	2009-2010		2008-2009	
		Amount	Amount for Major parties*	Amount	Amount for Major parties*
1	<b>Purchase of goods &amp; services</b>				
	<b>Enterprises over which key management personnel or their relatives exercise significant influence</b>	18,676,592		-	
	<b>Fellow Subsidiary Companies</b>	156,186,470		445,293,240	
	Hematic Motors Private Limited		154,422,268		193,844,417
	Kirloskar Industries Ltd. (formerly Kirloskar Oil Engines Ltd.)		-		238,831,488
<b>Associates &amp; Joint Ventures</b>		37,654,547		70,669,193	
	Kirloskar Corrocoat Private Limited		22,690,705		34,998,316
	<b>TOTAL</b>	<b>212,517,609</b>		<b>515,962,433</b>	
2	<b>Sale of goods/contract revenue &amp; services</b>				
	<b>Enterprises over which key management personnel or their relatives exercise significant influence</b>	18,819,411		-	
	<b>Fellow Subsidiary Companies</b>	114,891		5,131,072	
	Pradhan Engineering Karad		18,657,355		-
	Kirloskar Industries Ltd (formerly Kirloskar Oil Engines Ltd)		-		2,060,148
<b>Associates &amp; Joint Ventures</b>		1,850,466		1,227,601	
	Kirloskar Corrocoat Private Limited		1,850,466		892,923
	<b>TOTAL</b>	<b>20,784,768</b>		<b>6,358,673</b>	
3	<b>Rendering Services</b>				
	<b>Enterprises over which key management personnel or their relatives exercise significant influence</b>	111,330		-	
	<b>Fellow Subsidiary Companies</b>	-		7,034,441	
	Kirloskar Systems Ltd.		-		3,500,000
	Kirloskar Pneumatic Company Limited		-		2,247,200
<b>Associates &amp; Joint Ventures</b>		13,038,943		11,769,810	
	Kirloskar Corrocoat Private Limited		7,659,612		11,769,810
Kirloskar Ebara Pumps Limited		5,379,331		-	
	<b>TOTAL</b>	<b>13,150,273</b>		<b>18,804,251</b>	

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

IRs.

Sr. No.	Nature of transaction/relationship/major parties	2009-2010		2008-2009	
		Amount	Amount for Major parties*	Amount	Amount for Major parties*
4	<b>Receiving Services</b>				
	<b>Fellow Subsidiary Companies</b>	1,234,439		5,849,512	
	Kirloskar Systems Ltd.		880,050		1,664,040
	Hematic Motors Private Limited		354,389		3,869,596
	<b>Associates &amp; Joint Ventures</b>	392,000		-	
	<b>Key Management Personnel</b>	600,000		450,000	
	Mr. Sanjay Kirloskar		600,000		450,000
	<b>Relatives of Key Management Personnel</b>	2,500,000		2,610,000	
	Mrs. Pratima Kirloskar		1,250,000		900,000
	Mrs. Vijayalaxmi Srivastava		600,000		600,000
	Mrs. Asha J Sapre		600,000		600,000
	<b>Enterprises over which key management personnel or their relatives exercise significant influence</b>	867,533		-	
	Kirloskar Systems Ltd.		769,950		-
	<b>TOTAL</b>	<b>5,593,972</b>		<b>8,909,512</b>	
5	<b>Purchase of Shares</b>				
	<b>Key Management Personnel</b>	562,031,505		-	
	Mr. Sanjay Kirloskar		562,031,505		-
	<b>TOTAL</b>	<b>562,031,505</b>		<b>-</b>	
6	<b>Royalty Paid</b>				
	<b>Fellow Subsidiary Companies</b>	12,402,510		47,137,925	
	Kirloskar Proprietary Limited		12,402,510		47,137,925
	<b>Enterprises over which key management personnel or their relatives exercise significant influence</b>	39,253,992		-	
	Kirloskar Proprietary Limited		39,253,992		-
	<b>TOTAL</b>	<b>51,656,502</b>		<b>47,137,925</b>	
7	<b>Dividend paid</b>				
	<b>Holding Company</b>	106,414,684		211,625,340	
	Better Value Holdings Private Limited		106,414,684		211,625,340
	<b>Fellow Subsidiary Companies</b>	210,000		630,000	
	<b>Enterprises over which key management personnel or their relatives exercise significant influence</b>	105,000		-	
	<b>Key Management Personnel</b>	2,612,608		5,217,216	
	<b>Relatives of Key Management Personnel</b>	124,200		256,400	
	<b>TOTAL</b>	<b>109,466,492</b>		<b>217,728,956</b>	



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

Rs.

Sr. No.	Nature of transaction/relationship/major parties	2009-2010		2008-2009	
		Amount	Amount for Major parties*	Amount	Amount for Major parties*
8	<b>Dividend received</b>				
	<b>Fellow Subsidiary Companies</b>	1,047,200	1,047,200	107,853,748	-
	Hematic Motors Pvt. Ltd.				
	Kirloskar Industries Ltd. (formerly Kirloskar Oil Engines Ltd.)		-		73,903,270
	Kirloskar Pneumatic Company Limited		-		31,830,778
	<b>Joint Ventures</b>	22,000,000	15,750,000	18,050,000	13,050,000
	Kirloskar Ebara Pumps Limited		6,250,000		5,000,000
	Kirloskar Corrocoat Pvt. Ltd.				
	<b>TOTAL</b>	<b>23,047,200</b>		<b>125,903,748</b>	
9	<b>Interest Paid</b>				
	<b>Fellow Subsidiary Companies</b>	2,060,274	2,060,274	2,854,795	2,793,151
	Hematic Motors Private Limited				
	<b>TOTAL</b>	<b>2,060,274</b>		<b>2,854,795</b>	
10	<b>Remuneration Paid</b>				
	<b>Key Management Personnel</b>	104,713,439	34,644,382	54,450,136	17,447,835
	Mr. Sanjay Kirloskar		34,646,405		19,346,117
	Mr. Vikram Kirloskar		11,348,259		8,950,788
	Mr. R. K. Srivastava		11,771,527		8,705,397
	Mr. J. R. Sapre				
	<b>Relatives of Key Management Personnel</b>	1,600,766		530,000	
	<b>TOTAL</b>	<b>106,314,205</b>		<b>54,980,136</b>	
11	<b>Security deposit Paid</b>				
	<b>Key Management Personnel</b>	-	-	1,700,000	1,700,000
	Mr. Sanjay Kirloskar				
	<b>Relatives of Key Management Personnel</b>	1,700,000	1,700,000	3,400,000	1,700,000
	Mrs. Pratima Kirloskar				1,700,000
	Mr. Sanjay Kirloskar (HUF)				1,700,000
	<b>TOTAL</b>	<b>1,700,000</b>		<b>5,100,000</b>	
12	<b>Repayment of Inter Corporate Deposit</b>				
	<b>Fellow Subsidiary Companies</b>	40,000,000	-	20,000,000	20,000,000
	Pressmatic Electro Stampings Private Limited				
	Hematic Motors Private Limited		40,000,000		-
	<b>TOTAL</b>	<b>40,000,000</b>		<b>20,000,000</b>	

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

Rs.

Sr. No.	Nature of transaction/relationship/major parties	2009-2010		2008-2009	
		Amount	Amount for Major parties*	Amount	Amount for Major parties*
13	<b>Receipt of Inter Corporate Deposit</b> <b>Fellow subsidiary Companies</b> Pressmatic Electro Stampings Private Limited		-	10,000,000	10,000,000
	<b>TOTAL</b>	-		<b>10,000,000</b>	
14	<b>Royalty Received</b> <b>Fellow Subsidiary Companies</b> Kirloskar Industries Ltd. (formerly Kirloskar Oil Engines Ltd.)	-	-	1,334,443	1,334,443
	<b>TOTAL</b>	-		<b>1,334,443</b>	
15	<b>Reimbursement of Expenses</b> <b>Fellow Subsidiary Companies</b> Kirloskar Systems Ltd. Kirloskar Industries Ltd. (formerly Kirloskar Oil Engines Ltd.) <b>Associates &amp; Joint Ventures</b> Kirloskar Corrocoat Private Limited	-	-	8,499,133	1,568,195
		19,005	-	5,548,635	6,725,953
			19,005		5,548,635
	<b>TOTAL</b>	<b>19,005</b>		<b>14,047,768</b>	
16	<b>Security Deposit Refund</b> <b>Key Management Personnel</b> Mr. Sanjay Kirloskar	1,700,000	1,700,000	-	-
	<b>TOTAL</b>	<b>1,700,000</b>		<b>-</b>	



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

**(C) Amount due to/from related parties**

Rs.

Sr. No.	Nature of transaction/relationship/major parties	2009-2010		2008-2009	
		Amount	Amount for Major parties*	Amount	Amount for Major parties*
1	<b>Accounts receivable</b>				
	<b>Fellow Subsidiary Companies</b>	-		9,961,452	
	Kirloskar Systems Ltd.		-		5,248,345
	Kirloskar Pneumatic Company Limited		-		4,079,499
	<b>Associates &amp; Joint Ventures</b>	1,294,328		-	
	Kirloskar Ebara Pumps Limited		1,294,328		-
	<b>Key Management Personnel</b>	1,700,000		1,700,000	
	Mr. Sanjay Kirloskar		1,700,000		1,700,000
	<b>Relatives of Key Management Personnel</b>	3,400,000		3,400,000	
	Mrs. Pratima Kirloskar		3,400,000		1,700,000
	Mr. Sanjay Kirloskar (HUF)		-		1,700,000
	<b>TOTAL</b>	<b>6,394,328</b>		<b>15,061,452</b>	
2	<b>Amount Due</b>				
	<b>Fellow Subsidiary Companies</b>	-		(144,374,147)	
	Hematic Motors Private Limited		-		(97,012,450)
	Kirloskar Industries Ltd. (formerly Kirloskar Oil Engines Ltd.)		-		(30,534,679)
	<b>Associates &amp; Joint Ventures</b>	-		(3,543,242)	
	<b>Enterprises over which key management personnel or their relatives exercise significant influence</b>	(13,863,128)		-	
	Kirloskar Proprietary Limited		(13,863,128)		-
	<b>Key Management Personnel</b>	(60,205,479)		(25,000,000)	
	Mr. Sanjay Kirloskar		(25,000,000)		(7,500,000)
	Mr. Vikram Kirloskar		(20,205,479)		(7,500,000)
	Mr. J. R. Sapre		(8,000,000)		-
	<b>TOTAL</b>	<b>(74,068,607)</b>		<b>(172,917,389)</b>	

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

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

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

1) Holding Company	Better Value Holdings Pvt.Ltd. up to 19.09.2009
2) Subsidiary Companies	Pooja Credits Pvt. Ltd. up to 15.04.2009 Kirloskar Silk Industries Ltd. up to 15.04.2009 Kirloskar Constructions and Engineers Ltd. Gondwana Engineers Ltd. The Kolhapur Steel Ltd. Hematic Motors Pvt. Ltd. from 12.11.2009 Vakasa Electricals Pvt. Ltd. Moreshwar Electricals Pvt. Ltd. Ila Electicals Pvt. Ltd. Pressmatic Electro Stampings Pvt. Ltd. from 12.11.2009 Quadromatic Engineering Pvt. Ltd. from 12.11.2009 Kirloskar Corrocoat Pvt. Ltd. from 12.11.2009 SPP Pumps Ltd. Certified Engines Ltd. SPP (South Africa) (Pty) Ltd. SPP Pumps LP SPP Pumps Management LLC SPP Pumps Holdings LLC SPP Pumps France EURL SPP France S A S Kirloskar Brothers International B V Kirloskar Brothers Europe B.V. Kirloskar Brothers (Thailand) Ltd.
3) Fellow Subsidiary Companies	Kirloskar Proprietary Ltd. up to 19.09.2009 Kirloskar Systems Ltd. up to 19.09.2009
4) Joint Ventures	Kirloskar Ebara Pumps Ltd. Kirloskar Corrocoat Pvt. Ltd. up to 11.11.2009
5) Key Management Personnel	Mr. Sanjay Kirloskar Mr. Vikram Kirloskar up to 20.01.2010 Mr. R. K. Srivastava Mr. J. R. Sapre



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

6) Relatives of Key Management Personnel	Mrs. Pratima Kirloskar	Wife of Mr. S. C. Kirloskar	
	Mr. Alok Kirloskar	Son of Mr. S. C. Kirloskar	
	Ms. Rama Kirloskar	Daughter of Mr. S. C. Kirloskar	
	Mrs. Suman Kirloskar	Mother of Mr. S. C. Kirloskar	
	Mr. Atul Kirloskar	Brother of Mr. S. C. Kirloskar	
	Mr. Rahul Kirloskar	Brother of Mr. S. C. Kirloskar	
	Mrs. Geetanjali Kirloskar up to 20.01.2010	Wife of Mr. Vikram Kirloskar	
	Mrs. Mrinalini Kirloskar up to 20.01.2010	Mother of Mr. Vikram Kirloskar	
	Mrs. Vijayalaxmi Srivastava	Wife of Mr. R. K. Srivastava	
	Mrs. Asha J. Sapre	Wife of Mr. J. R. Sapre	
	Ms. Preeti Sapre	Daughter of Mr. J. R. Sapre	
	7) Jointly controlled operations	HCC – KBL Joint Venture	
		KBL – MCCL Joint Venture	
KCCPL – IHP – BRC – TAIPPL – KBL JV			
IVRCL – KBL JV			
Maytas – KBL JV			
Larsen & Toubro – KBL JV			
KBL-MEIL-KCCPL JV			
KBL – PLR JV			
KBL – Koya – VA Tech JV			
KBL – PIL Consortium			
Larsen & Toubro – KBL – Maytas JV			
IVRCL – KBL – MEIL JV			
Pioneer – Avantica – ZVS – KBL JV			
AMR – Maytas – KBL – WEG JV			
Indu – Shrinivasa Constructions – KBL – WEG JV			
MEIL – KBL – IVRCL JV			
MEIL – Maytas – KBL JV			
KCCPL – TAIPPL – KBL JV			
KBL-SPML JV			
Aban-Coastal Joint Venture			
Asian Techs Ltd.- ABCI Infrastructures (P) Ltd			
8) Enterprises over which key management personnel or their relatives exercise significant influence	Kirloskar Systems Ltd.		
	Quadrant Communications Ltd.		
	Kirloskar Proprietary Ltd.		
	Niksan Agrotech India Pvt. Ltd.		
	Shrerang Industries		
	Shree Enterprises		
	Pradhan Engineering Enterprises Pvt. Ltd.		
	Cyrotech		
	AG Electro Services		

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

<b>8. Earning per Share (Basic and Diluted)</b>		<b>2010</b>	2009
<b>I - Basic</b>		<b>Rupees</b>	Rupees
Profit for the year before tax		<b>1,913,655,867</b>	1,315,537,938
Less : Attributable tax thereto		<u><b>785,952,604</b></u>	<u>462,843,210</u>
Profit after tax		<b>1,127,703,263</b>	852,694,728
Total number of equity shares at the end of the year used as denominator		<b>79,254,516</b>	105,764,355
<b>Basic earning per share of nominal value of Rs 2/- each</b>		<b>14.23</b>	8.06
<b>II - Diluted</b>			
Profit for the year before tax		<b>1,913,655,867</b>	1,315,537,938
Less : Attributable Tax thereto		<u><b>785,952,604</b></u>	<u>462,843,210</u>
Profit after tax		<b>1,127,703,263</b>	852,694,728
Total Number of equity shares at the end of the year		<b>79,254,516</b>	105,764,355
Add : Weighted average number of potential equity shares on account of employee stock option		<b>1,598</b>	-
Weighted average number of shares outstanding used as denominator		<u><b>79,256,114</b></u>	<u>105,764,355</u>
<b>Diluted earning per share of nominal value of Rs 2/- each</b>		<b>14.23</b>	8.06

**9. Particulars related to Joint Ventures :**

**List of Joint Ventures**

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



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

- 10.** Pursuant to a Scheme of Arrangement between Kirloskar Brothers Limited (Company), Kirloskar Brothers Investments Limited (KBIL) and their respective shareholders the subscribed and paid-up equity share capital of the Company which was Rs. 211,528,710/- consisting of 105,764,355 equity shares of Rs. 2/- each stands reduced to Rs. 158,646,532/- consisting of 79,323,266 equity shares of Rs. 2/- each. This excludes further subscribed and Paid-up equity share capital of Rs. 20,000/- consisting of 10,000 equity shares of Rs. 2/- each issued and allotted under the Company's Employees' Stock Option scheme during the year. These 10,000 shares are kept in abeyance for want of specific Bombay High Court orders for giving effect of terms of scheme with regard to capital reduction in the company. The Company has complied with the conditions stipulated in the High Court order and effective date of the Scheme is March 2, 2010. The appointed date of Scheme of Arrangement is April 16, 2009. As contemplated in the scheme, certain specified investments, including Pooja Credits Pvt. Ltd. and Kirloskar Silk Industries Ltd. held by the Company stand transferred to and vested in KBIL without any further acts, deeds and actions.
- 11.** On February 15, 2010, Kirloskar Brothers Limited (KBL) has sold the shares held in its Wholly Owned Subsidiary SPP Pumps Ltd (SPP) to its Wholly Owned Subsidiary based in the Netherlands, namely Kirloskar Brothers International B.V (KBI). KBI has issued 1000 shares of Euro 100 each to KBL at a premium, towards the consideration for transfer of SPP shares to them by KBL. Since the reporting date of both SPP and KBI is 31st December, 2009, this transaction has not been considered in the consolidated financial statements (CFS) of KBL. Consequently the profit recognised in the stand alone financial statements of KBL of Rs. 224,793, 816/- is not considered in CFS.
- 12.** On September 19, 2009, Bettervalue Holdings Private Limited (BVHPL) has sold all the shares held of Kirloskar Brothers Limited, through inter se transfer amongst the group, to other promoters. As a result, BVHPL has ceased to be the holding company of Kirloskar Brothers Limited.
- 13.** During the year Kirloskar Constructions & Engineers Ltd., has revalued land and plant and machinery as on 31st March, 2010 based on the revaluation certified by an Approved Valuer. The resultant surplus on revaluation of these assets is credited to the revaluation reserve.
- 14.** Figures of the previous year have been regrouped wherever necessary. Figures in bracket relate to the previous year.

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

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

(A) Primary Segments - Business Segments	Pumps Rupees	Others Rupees	Eliminations Rupees	Total Amount Rupees
a) Segment Revenue				
Sales to External Customers	24,440,160,771	2,149,045,025	-	26,589,205,796
	(22,243,496,210)	(2,283,236,705)	-	(24,526,732,915)
Inter Segment Revenue	-	131,235,577	131,235,577	-
	(5,075,202)	(758,888,261)	(763,963,463)	-
<b>Total Segment Revenue</b>	<b>24,440,160,771</b>	<b>2,280,280,602</b>	<b>131,235,577</b>	<b>26,589,205,796</b>
	(22,248,571,412)	(3,042,124,967)	(763,963,463)	(24,526,732,915)
b) Segment Result	2,542,918,130	316,675,451		2,859,593,581
	(1,717,483,434)	(217,442,114)		(1,934,925,548)
Less :				
I) Interest				454,818,027
				(410,687,696)
II) Unallocable Corporate expenditure (net of other income)				552,737,218
				(455,567,106)
Add :				
I) Income from Investments				66,077,561
				(226,861,554)
<b>Total Profit Before Tax</b>				<b>1,918,115,897</b>
				(1,295,532,299)
Less : Provision for Tax				748,886,839
				(449,622,376)
Less : Deferred Tax				37,065,765
				(10,953,746)
Less : Fringe Benefit Tax				-
				(24,174,580)
<b>Net Profit</b>				<b>1,132,163,293</b>
				(832,689,089)
c) Segment Assets	18,912,500,216	4,197,199,019	-	23,109,699,235
	(17,298,071,057)	(2,110,653,969)		(19,408,725,026)
Unallocable Corporate Assets				2,111,383,213
				(4,906,147,461)
<b>Total</b>				<b>25,221,082,448</b>
				(24,314,872,487)
d) Segment Liabilities	10,553,129,895	3,068,691,637	-	13,621,821,531
	(10,802,739,621)	(1,542,347,051)		(12,345,086,672)
Unallocable Corporate Liabilities				3,682,229,823
				(3,562,043,897)
<b>Total</b>				<b>17,304,051,355</b>
				(15,907,130,569)
e) Cost Incurred during the period to acquire Segment Fixed Assets	390,767,557	131,226,868		
	(613,699,193)	(387,309,009)		
f) Depreciation / Amortisation / Impairment	242,633,211	76,470,434		
	(219,556,297)	(80,984,718)		
g) Non Cash Expenses other than Depreciation / Amortisation	71,160,804	11,982,891		
	(154,573,239)	(21,122,367)		

B) Secondary Segment -	Domestic Rupees	Export Rupees	Total Rupees
a) Segment Revenue Geographic Segment by location of customer	21,596,329,918	4,992,875,878	26,589,205,796
	(19,448,498,310)	(5,078,234,605)	(24,526,732,915)
b) Carrying Amount of Segment Assets by location of assets	24,527,745,100	693,337,349	25,221,082,448
	(23,537,614,676)	(777,257,811)	(24,314,872,487)
c) Cost Incurred during the period to acquire Segment Fixed Assets	503,431,941	18,562,483	521,994,424
	(984,242,992)	(16,765,209)	(1,001,008,201)



## Yamuna - Global Headquarters



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