



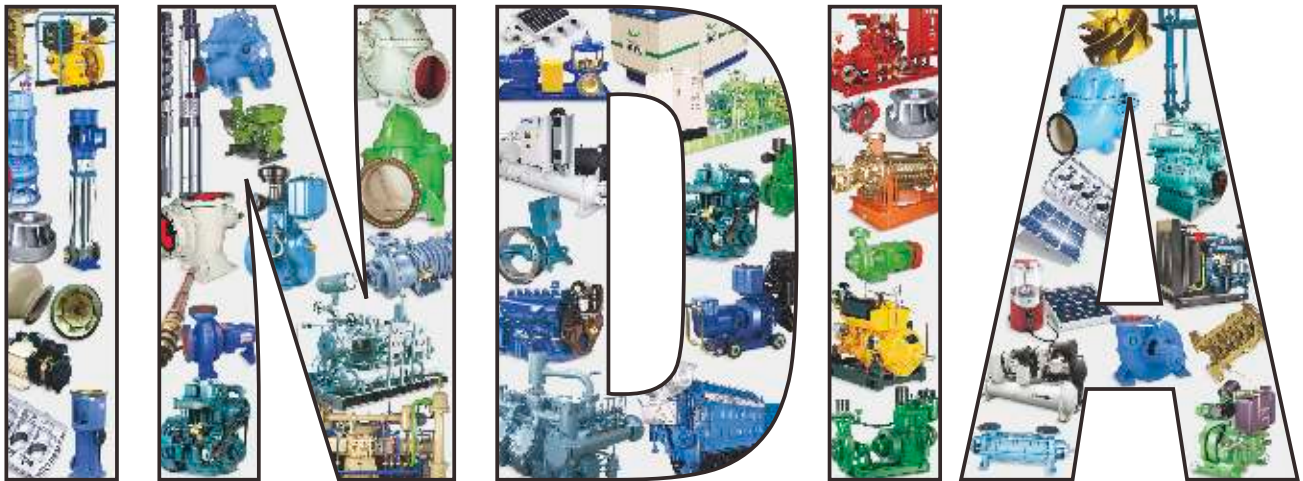
KIRLOSKAR BROTHERS LIMITED

A Kirloskar Group Company

95th ANNUAL REPORT 2014 - 2015

Enriching Lives

MAKING IN



SINCE 1901

It has always been a matter of great pride for us to be able to serve the world relentlessly through critical engineering solutions - made right here in India, since 1901. And with the 'Make in India' programme gaining momentum, there is greater emphasis on reforms, new initiatives and best-in-class manufacturing infrastructure.

With the winds of change blowing in India's favour, there's never been a better time for us to put it in the league of global champions. With innovative, indigenous offerings, we will ensure that the world continues to look at India with awe and admiration.



Your company is poised to make India proud with:

- Sustained growth in international business by leveraging world-class engineering capability and global manufacturing footprint.
- Development of pumping systems for critical applications in nuclear power generation, defence and process market.
- Pumping solutions based on 'AAA' philosophy: Adaptable, Affordable & Appropriate solutions to address global challenges.
- Leadership in environment-friendly technologies and 'green' business practices.

BOARD OF DIRECTORS

Sanjay C. Kirloskar	Chairman and Managing Director
Vikram S. Kirloskar	(upto May 26, 2015)
S. N. Inamdar	
U. V. Rao	(upto January 24, 2015)
P. S. Jawadekar	
J. R. Sapre	Whole Time Director (upto May 31, 2015)
A. N. Alawani	(upto April 23, 2015)
Lalita D. Gupte	
Pratap B. Shirke	
Alok S. Kirloskar	
Kishor A. Chaukar	Additional Director (from April 27, 2015)
Company Secretary	Sandeep Phadnis
Auditors	M/s P. G. Bhagwat Chartered Accountants, Pune
Bankers	Bank of India Canara Bank HDFC Bank Limited Citibank N.A. Credit Agricole, Corporate and Investment Bank
Registered Office	Udyog Bhavan, Tilak Road, Pune - 411002, Maharashtra State (India) Phone: (020) 24440770 Fax : (020) 24402083 Email: kblin@kbl.co.in Website: www.kirloskarpumps.com Group Website: www.kirloskar.com
Corporate Office	"Yamuna", Survey No. 98 (3-7), Baner, Pune – 411 045, Maharashtra (India) Phone: (020) 27214444 Fax: (020) 2721136 Email: kblin@kbl.co.in Website: www.kirloskarpumps.com Group Website: www.kirloskar.com
Works	Kirloskarvadi, Dewas, Shirwal, Kondhapuri, Coimbatore (Kaniyur), Ahmedabad (Sanand)

Information for Shareholders	Contents	Page No.
Annual General Meeting :	Decade at a Glance	2
Day & Date : Monday, July 27, 2015	Directors' Report	3
Time : 11.00 a. m.	Management Discussion & Analysis	38
Venue : "Yamuna", Survey No.98 (3-7) Baner, Pune – 411 045	Report on Corporate Governance	49
Date of Book Closure : July 20, 2015	Auditors' Report	65
	Balance Sheet	70
	Profit & Loss Statement	71
	Cash Flow Statement	72
	Notes to the Accounts	73
	Statement relating to Subsidiary Companies	108
	Consolidated Financial Statements	110

DECADE AT A GLANCE

(₹ in Million)

Particulars	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net Sales	9,246	13,400	15,251	18,309	20,178	19,469	17,819	18,724	17,598	16,257
Other Income	750	2,408	430	359	479	129	463	70	53	113
Material Cost	6,093	9,290	11,126	13,927	14,987	13,431	12,661	13,204	11,696	10,471
Other Expenses	1,965	2,563	2,704	3,249	3,339	4,386	4,441	4,108	4,503	4,934
Interest	55	84	169	303	336	453	537	443	409	413
Depreciation	97	121	182	207	265	300	303	320	346	497
Profit before tax	1,786	3,750	1,500	982	1,730	1,028	340	719	698	55
Income tax provision	63	385	399	312	555	414	28	285	221	(30)
Net Profit after tax	1,723	3,365	1,101	670	1,175	614	312	434	477	85
Share Capital	212	212	212	212	159	159	159	159	159	159
Reserves	2,932	5,808	6,409	6,879	6,975	7,275	7,377	7,627	7,842	7,804
Net Worth	3,144	6,020	6,621	7,091	7,134	7,434	7,536	7,786	8,001	7,963
Imports	606	987	1,152	2,084	5,073	2,026	729	473	671	524
Exports	685	2,266	1,483	2,291	1,694	1,827	1,153	1,544	1,184	1,279
Basic Earnings per Share (₹) (Face Value of ₹ 2/-)	15.42	31.82	10.41	6.34	14.81	7.73	3.93	5.47	6.01	1.07
Basic Earnings per Share (₹) (Face Value of ₹ 2/-) (Excluding Extraordinary Income Expense)	10.70	14.76	10.41	6.34	14.81	7.73	3.93	5.47	6.01	1.07
Dividend %	200%	200%	200%	100%	275%	175%	100%	100%	125%	*25%
Book Value per Share (₹)	**29.69	**56.92	**62.60	**67.05	**89.92	**93.70	**94.99	**98.11	**100.82	**100.31
Debt Equity Ratio	0.06	0.08	0.09	0.03	0.06	0.12	0.06	0.01	0.01	0.00

Notes :

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

* Final Dividend Recommended 25%

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

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 ₹ 10/- each to share of ₹ 2/- each.

BOARD'S REPORT TO THE MEMBERS

Your Directors present the 95th Annual Report and the Audited Financial Statements of the Company for the year ended March 31, 2015 together with the reports of the Auditors and Board thereon.

FINANCIAL RESULTS

The financial results of the Company for the year 2014-15 as compared with the previous year are as under: -

	Year ended March 31, 2015 (₹)	Year ended March 31, 2014 (₹)
Revenue from Operations	16,257,051,488	17,598,053,185
Other income	112,714,764	53,149,058
Total	16,369,766,252	17,651,202,243
Profit before tax	55,289,084	697,546,094
Tax Expense	(29,579,796)	220,671,149
Profit for the period	84,868,880	476,874,945
Surplus in Profit & Loss Account brought forward from previous year	1,647,771,258	1,449,112,037
Depreciation impact due to Companies Act, 2013	40,754,517	-
Available surplus	1,691,885,621	1,925,986,982

DIVIDEND

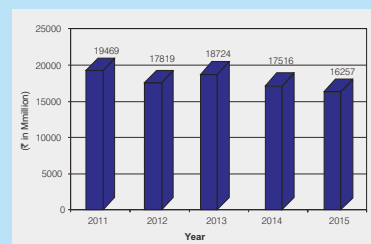
Your Directors recommend a dividend of 25% (₹ 0.50 paise per equity share) for the year.

APPROPRIATIONS

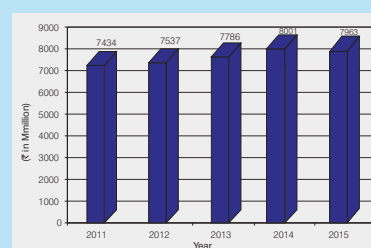
Your Directors propose to appropriate the available surplus as under: -

Dividend of ₹ 0.50 @25% (125%) on 79,388,176 (79,358,451) equity shares of ₹ 2/- each	39,694,088	1,98,396,128
Dividend distribution tax	1,238,198	32,132,101
Transfer to General Reserve	-	47,687,495
Corporate Social Responsibility	45,000,000	-
Balance carried to Balance Sheet	1,605,953,335	1,647,771,258
TOTAL	1,691,885,621	1,925,986,982

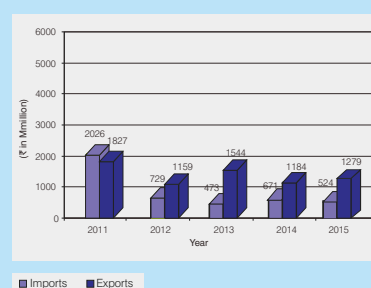
Net Sales



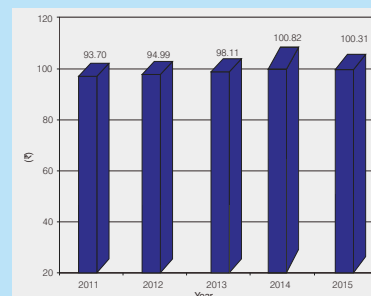
Net Worth



Import & Export



Book Value per Share



STATE OF AFFAIRS OF THE COMPANY

The revenue from operations for the year under review is ₹ 1626 crores, which is less than 7.61% compared to the previous year. Drop in sales is mainly due to lower sales of project sectors, partly attributable to liquidity issue in the market and non-receipt of dispatch clearances from the customers.

The economic condition of the country continued to be sluggish throughout the year. The Company continued its focus of being selective in accepting orders depending on customers' financial position. There was concentrated effort towards improvement of marketing initiatives and brand presence. Overall efforts were made to improve the efficiencies at all plants.

For project business, the Company continues to focus on closure of old projects and recovery of retention money. The main reasons for major drop in sales of project sectors was due to non receipt of advances / L/C from customers, delay in engineering and civil work by few clients and non receipt of dues from few customers.

The Company has launched towards the year end, highly-advanced "i-CAN" series of pumps, designed to reduce maintenance time and total cost of ownership (TCO) for the small scale industries.

Endorsing the Prime Minister's "Make in India" call, the Company has also launched another product "i-NS" pump, which has been developed entirely with domestic technology. The new innovative features make the "i-NS" series pump ideal for dewatering function in the Water & Wastewater Treatment industries, Sewage, Building & Construction and other allied segments.

Kirloskarvadi plant received the National Energy Management Award. Kondhapuri plant developed and dispatched 1800 mm Sluice Valves (Largest size so far) & 2400 mm Turbine Inlet valves were manufactured and completed testing and inspection and received orders from State Water Supply & Sewerage Boards for various types of valves. Dewas plant was recognized by CII for "Significant achievement on the journey towards Business Excellence", was awarded TCM Level 4 by CII and produced all time highest DB pumps in the month of December 2014. Kaniyur plant received "Merit Award" for 5S by CII. Sanand plant received "Energy efficient unit" award in 15th CII national award for excellence in energy management 2014 and was recognized by CII for Greenco "Silver" certification.

There were no material changes or commitments to report which affect the financial position of the Company that has occurred between the end of financial year and the date of this report.

STATUTORY DISCLOSURES

1. EXTRACT OF ANNUAL RETURN

Extract of Annual Return in Form MGT-9 as per provisions of Section 134 read with Section 92(3) of the Companies Act, 2013 (the Act) is given in **Annexure I** to this report.

2. NUMBER OF MEETINGS OF THE BOARD

During the financial year under review, 6 (six) Board meetings were held, the details are appearing elsewhere in this report.

3. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Act, the Board of Directors report that

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed;

- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

4. INDEPENDENT DIRECTORS' DECLARATION

All independent Directors of the Company have given declaration under Section 149 (7) of the Act, that he / she meets the criteria laid down in Section 149 (6) of the Act.

5. DISCLOSURE REQUIRED UNDER SECTION 134(3)(E)

The Board has adopted a Board Diversity Policy which sets the criterion for appointment as well as continuance of Directors, including independent Directors, at the time of re-appointment as Director in the Company. As per the policy, the Board will have an optimum combination of members with appropriate balance of skill, experience, background, gender and other qualities of Directors required for the effective functioning of the Board.

The Nomination and Remuneration Committee recommends remuneration of the Directors, subject to the overall limits set under the Act, as outlined in the Remuneration Policy recommended by the Committee and approved by the Board. As per the policy, the executive Directors are entitled for a fixed salary, other non-monetary benefits etc., and commission based on performance evaluation of the Director. In case of non-executive Directors, apart from receiving sitting fees, they may be given commission on the basis of criterion as per the policy.

The Remuneration policy is given in **Annexure II**.

6. REPORT OF AUDITORS

Your Company is already in the regime of unqualified financial statements. During the Financial Year under review also, there are no qualifications or adverse remarks or disclaimers made by the Statutory Auditor of the Company in their Audit Report and by the Company Secretary in practice in his Secretarial Audit Report, which are annexed herewith as **Annexure VIII**.

M/s. P. G. Bhagwat, Chartered Accountants (Firm Registration no. 101118W) the Auditors retire at the ensuing Annual General Meeting and are eligible for re-appointment. The requisite certificate as required under the Act has been received. The Audit and Finance Committee has recommended their re-appointment and the annual audit fees.

Mr. M. J. Risbud, Practicing Company Secretary (CP No. 185) has been appointed as Secretarial Auditor as per Section 204 of the Act, 2013 for the Financial Year 2015-16.

Parkhi Limaye & Co. (Firm Registration No. 191) have been appointed as Cost Accountant as per Section 148 of the Act, read with applicable rules made thereunder for the Financial Year 2015-16. Their remuneration is subject to approval by the shareholders.

7. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

The details of loans, guarantees or investments under Section 186 of the Act, are available under note no. A-11 and A-17 of notes to accounts, attached to the Standalone Financial Statements.

The full particulars are available in the Register maintained under Section 186 of the Act, which is available for inspection during business hours on all working days (except Saturday and Sunday).

8. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contract/arrangement/transactions entered by the Company during the Financial Year 2014-15, with the related parties were in the ordinary course of business and on arm's length basis. During the year the Company has not entered into contract/arrangement/transactions with related parties which could be considered material in accordance with the Company's 'Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions'. The said policy is uploaded on the Company's website.

Further, we draw your attention to Note no C-17 of the Standalone Financial Statements of the Company for details.

9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Details of energy conservation, technology absorption, research and development and foreign exchange earnings as required under Section 134(3)(m) of the Act read with applicable rules are given in the **Annexure III** to this Report.

10. RISK MANAGEMENT

The Risk Management Committee meets at regular intervals and identifies the top risks and prioritises those risks. The progress and review status of those identified risks are presented to the Audit and Finance Committee every quarter.

11. CORPORATE SOCIAL RESPONSIBILITY REPORT

The Corporate Social Responsibility Report in the required format is given in **Annexure IV**.

12. BOARD EVALUATION

The Board has formulated a Board Evaluation Policy for evaluation of individual Directors as well as the entire Board and committees of the Board. The evaluation framework is divided into parameters based on the various performance criteria to be done annually. The evaluation for the year ended March 31, 2015 has been completed.

13. PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARIES AND JOINT VENTURES

Subsidiaries:

- i. Karad Projects and Motors Limited

The revenue under review is ₹2,455,915,024/- which is 21.4% more as compared to the previous year.

ii. Kirloskar Systech Limited

The revenue under review is ₹ 203,124,070/- which is 660.2% more as compared to the previous year.

iii. The Kolhapur Steel Limited

The revenue under review is ₹ 314,178,244/- which is 39.3% more as compared to the previous year.

iv. Kirloskar Corrocoat Private Limited

The revenue under review is ₹ 715,580,568/- which is 94.6% more as compared to the previous year.

v. Kirloskar Brothers International B.V. (consolidated)

The revenue under review is ₹ 9,747,974,297/- which is 10.5% more as compared to the previous year.

vi. Kirloskar Ebara Pumps Limited (Joint Venture)

The revenue under review is ₹ 1,70,184/- which is 105% more as compared to the previous year.

The financial position of the subsidiaries and joint venture companies is given in AOC-1, elsewhere in the Annual Report.

14. OTHER STATUTORY DISCLOSURES AS REQUIRED UNDER RULE 8(5) OF THE COMPANIES (ACCOUNTS) RULES, 2014

(i) Financial summary/highlights are already included elsewhere in the Report;

(ii) There has been no change in the nature of the business during the year under review;

(iii) Directors and Key Managerial Personnel:

- Mr. Rahul C. Kirloskar – Non Executive Director, resigned as Director of the Company with effect from April 22, 2014.
- Mr. U. V. Rao – Independent Director, demised on January 24, 2015.
- Mr. A. N. Alawani – Non Executive Director, resigned as a Director of the Company with effect from April 23, 2015.
- Mr. Kishor Chaukar – Additional Director appointed by the Board with effect from April 27, 2015, in the category of Independent Director. Board recommends his appointment as an Independent Director at the ensuing Annual General Meeting.
- Mr. Sanjay C. Kirloskar, Chairman and Managing Director, Mr. Umesh Shastry, Chief Financial Officer and Mr. Sandeep Phadnis, Company Secretary were appointed as Key Managerial Personnel pursuant to Section 203 of the Companies Act, 2013;

In view of the resignation of Mr. A. N. Alawani and in order to comply with the requirements of Section 152(6) of the Act read with Articles of Association of the Company, Mr. Sanjay C. Kirloskar – Chairman and Managing Director will be considered to be a Director whose period of office is liable to determination by rotation.

Mr. Alok Kirloskar, Non-Executive Director is liable to retire by rotation and being eligible offers himself for re-appointment.

- (iv) Companies which have become or ceased to be subsidiaries, joint ventures or associate companies during the year:

Kirloskar Brothers International (Pty) Ltd. – South Africa, was formed during the year as a step down subsidiary of the Company.

- (v) Details relating to Deposits :

The Company neither accepts nor renews matured deposits since January 2003 and there were no deposits accepted by the Company as covered under Chapter V of the Act read with Rules thereunder.

- (vi) No significant and material orders were passed by the Regulators or court or tribunals impacting the going concern status and company's operations in future.

- (vii) Details in respect of adequacy of internal financial controls with reference to the Financial Statement:

The Company has an Internal Audit Charter specifying mission, scope of work, independence, accountability, responsibility and authority of Internal Audit Department. The internal audit reports are initially presented to the Executive Committee consisting of the Chairman and Whole Time Director and significant observations and follow up actions thereon are reported to Audit and Finance Committee.

- (viii) Other disclosures required under Companies Act, 2013 as may be applicable:

- Composition of the Audit and Finance Committee has been disclosed under Corporate Governance Report;
- Establishment of vigil mechanism: The Company has already in place a 'Whistle Blower Policy' as a vigil mechanism since 2008. The details of the same are reported under Corporate Governance Report;
- Disclosure as required under Section 197(12) of the Act read with applicable rules and details as per Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in **Annexure V & Annexure VI**.

15. CASH FLOW

Cash flow statement for the year ended March 31, 2015 is attached to the Balance Sheet.

SAFETY, HEALTH AND ENVIRONMENT

Safety and Health

All our manufacturing plants are certified for Occupational Health and Safety Assessment Series (OHSAS) standards ISO 18001 and Environment Management System (ISO 14001).

The Company's corporate office and four plants namely Sanand (Ahmedabad), Kaniyur (Coimbatore), Kirloskarvadi, Dewas are audited for SA8000.

Achievements –

Mega Plantation (6000 nos.) was carried out in Dewas on 31st July 2014

Dewas manufacturing facility bagged CII-Silver rating -Green-co certification.

Dewas manufacturing facility bagged 'Gold Safety Award 2014', which was organized by 'Greentech Foundation', New Delhi.

Dewas manufacturing facility secured winner (First) position in 'MT Award 2014 Excellence in Safety', organized by 'Manufacturing Today Magazine', Mumbai.

Safety Inspection/Audits –

Periodic internal audits of all our manufacturing units are being conducted to ensure legal compliance, OHSAS 18001, ISO 14001 requirements and standard industrial practices. Corporate procedures are developed implemented to ensure common understanding and requirements throughout the Company.

Safety inspections of all manufacturing plants, project sites and corporate office are being carried out frequently to find out short falls and to make improvements.

Internal audit non-compliances (NCs) and area for improvements are tracked through the issue tracking mechanism. Points raised during safety inspections and unsafe observations are tracked through the Incident management system, which is developed in 2014. All types of accidents/incidents are also tracked through this system.

Safety Committees –

Safety committees in the manufacturing plants meet regularly to discuss on various environment, health and safety related issues. Workmen have equal number of participation in the safety committees. It is encouraged to have departmental safety committees for bigger plants. Minutes of safety committee meetings are made available to all for review. Issues raised in the meetings help to Environment Health Safety improvement and reduce accidental situations.

Training –

Safety Training is provided to all employees including contract employees. Induction training is an initial activity for all new entrants. More than 1000 man-days were used for safety training in 2014-15 excluding induction training. Mock drills are regularly conducted to ensure the emergency preparedness. Lacunae observed in the mock drill are bridged immediately. A vigorous induction program is in place for all new entrants. Training programs on health awareness and food habits are organized for the benefit of employees.

An initiative is taken to implement the Safety passport system in Dewas and Kirloskarvadi plants. More than 1500 employees were trained by an external agency.

Environment Health Safety (EHS) Compliance –

Company strives for 100% compliance with EHS requirements. To verify that our facilities are meeting regulatory compliance requirements, all the project sites and manufacturing plants are audited frequently.

Others –

Occupation Health Centre (OHC) at corporate office and major manufacturing units provide immediate medical needs. Medical facility is extended to nearby villages around Kirloskarvadi. As part of preventive measures, all employees above 40 years of age undergo comprehensive annual medical check-up; counselling sessions are conducted for employees based on their medical check-up. Medical check-up of all the persons working in manufacturing plants are done annually.

A special drive was undertaken to report near miss, unsafe acts and condition throughout Company's plants in September – October.

A new fire tender with latest facilities is procured for Kirloskarvadi plant.

Safety week is celebrated at all locations of manufacturing plants, offices and project sites with number of activities, competitions and awareness programs.

Environment

All our manufacturing plants are certified for the Environment Management System (ISO14000). Our Kondhapuri plant has also received certification for Energy Management System (ISO50001). It is the first company in Pune region to achieve this certification.

We monitor our direct and indirect energy consumption which is reported in our annual sustainability report. A group wise Energy Conservation (ENCON) competition encourages all our manufacturing plants to reduce the overall energy consumption.

Pumping systems consume around 30% energy in industries. Energy Audit services launched by the Company have helped industries in replacing old pumping systems by energy efficient pumping systems. Our energy efficient pumping solutions and Lowest Life Cycle Cost pumps have significantly reduced the energy consumption.

We have a special cell called Pump Energy Assessment and Solution Cell which provides sustainable solutions for reducing carbon footprint at customer's end. The team consists of certified Energy Managers and Energy Auditors. We are certified by BEE i.e. Bureau of Energy Efficiency, as an Energy Service Company, Grade 2.

During the year 2014-15, we have saved around 2430183 kW of energy and prevented the emission of 2528.8 tCO₂e at customer's end.

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 (**Annexure VII**) 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.

EMPLOYEE STOCK OPTION SCHEME (ESOS)

As you are aware, during the year 2007-08, the Company launched the Employees' "Share a Vision" Stock Option Scheme, 2007 (ESOS-2007).

The Management has formulated under ESOS – 2007, a proposal of providing stock options at ₹ 2/- per option to award employees for their outstanding, exemplary performance in getting sustainable results. During the year, 20,000 options have been granted to the Whole Time Director as a part of commission for the year 2013-14.

Auditors' Certificate as required under the SEBI (Share Based Employee Benefits) Regulations, 2014 with regard to compliance of the regulations is provided as Annexure VII to this report.

DISCLOSURE UNDER THE "SEXUAL HARASSMENT OF WOMAN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013".

In terms of Section 22 of the above mentioned Act, read with Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Rule, 2013, we report as follows for the year ended on March 31, 2015:

1	No. of Complaints received in the year	Nil
2	No. of Complaints disposed off in the year	Nil
3	Cases pending for more than 90 days	Nil
4	No. of workshops and awareness programmes conducted in the year	75
5	Nature of action by employer or District Officer, if any	NA

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 by the employees of the Company.

For and on behalf of the Board of Directors,



Sanjay C. Kirloskar
Chairman & Managing Director
DIN 00007885

Pune: April 27, 2015

Annexure I
Form No. MGT-9
EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	L29113PN1920PLC000670
ii)	Registration Date	15 January 1920
iii)	Name of the Company	Kirloskar Brothers Limited
iv)	Category / Sub-Category of the Company	Company limited by shares
v)	Address of the Registered office and contact details	Udyog Bhavan, Tilak Road, Pune 411 002, 020-2444 0770
vi)	Whether listed company	Yes - Listed
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited, Block No. 202, 2nd Floor, Akshay Complex, Near Ganesh Temple, Off Dhole Patil Road, Pune 411 001, 020-26160084

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Pumps	2812	93.46

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1	Karad Projects and Motors Limited Plot No. B-67/68, MIDC, Karad Industrial Area, Tasawade, Karad 415109	U45203PN2001PLC149623	Subsidiary	100	2(87)
2	The Kolhapur Steel Limited Pune Bangalore Highway Road, Shirol (Pulachi), Kolhapur 416122	U27106MH1965PLC013212	Subsidiary	96.97	2(87)
3	Kirloskar Systech Limited Udyog Bhavan, Tilak Road, Pune 411 002	U29220PN2010PLC137071	Subsidiary	100	2(87)
4	Kirloskar Corrocoat Private Limited Udyog Bhavan, Tilak Road, Pune 411 002	U28920PN2006PTC022240	Subsidiary	65	2(87)
5	Kirloskar Brothers International B.V. Oranje Nassaulaan 55 – 1, 1075 AK, Amsterdam, The Netherlands	Foreign Company	Subsidiary	100	2(87)

Sl. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
6	SPP Pumps Ltd. Crucible Close, Mushet Industrial Park, Coleford, Gloucestershire GL16 8PS, United Kingdom	Foreign Company	Subsidiary of Kirloskar Brothers International BV	100	2(87)
7	Kirloskar Pompen B.V. Rooswijkweg 7-9, 1951 MH Velsen-Noord, The Netherlands	Foreign Company	Subsidiary of Kirloskar Brothers International BV	100	2(87)
8	Kirloskar Brothers (Thailand) Ltd. Lake Rajada Office Complex, 16th Floor, 193/64 Ratchadapisek Road, Klong Toey, Bangkok - 10110, Thailand	Foreign Company	Subsidiary of Kirloskar Brothers International BV	100	2(87)
9	SPP Pumps MENA LLC Block 234, Road 36, Industrial Zone 3, Cairo, Egypt	Foreign Company	Subsidiary of Kirloskar Brothers International BV	100	2(87)
10	Kirloskar Brothers International (Pty) Ltd. Oranje Nassaulaan 55-1 1075 AK, Amsterdam, The Netherlands	Foreign Company	Subsidiary of Kirloskar Brothers International BV	100	2(87)
11	Micawber 784 (Proprietary) Ltd. Corner of Horn & Brine Street, Chloorkop – Kempston Park, Gauteng, 1620 South Africa	Foreign Company	Subsidiary of Kirloskar Brothers International (Pty) Ltd.	100	2(87)
12	Braybar Pumps (Proprietary) Ltd. Corner of Horn & Brine Street, Chloorkop – Kempston Park, Gauteng, 1620 South Africa	Foreign Company	Subsidiary of Kirloskar Brothers International (Pty) Ltd.	100	2(87)
13	SPP Pumps (South Africa) (Pty) Ltd. PO Box 8483, Edleen, Corner of Horn & Brian Street, Chloorkop – Kempston Park, Gauteng, 1625 South Africa	Foreign Company	Subsidiary of Kirloskar Brothers International (Pty) Ltd.	100	2(87)
14	SPP Pumps France EURL 6, Place de la Madeleine, Paris, France 75008	Foreign Company	Subsidiary of SPP Pumps Ltd.	100	2(87)
15	SPP France SAS 2, Rue Chateau d'Eau, 95450 US, France	Foreign Company	Subsidiary of SPP Pumps Ltd.	100	2(87)
16	Certified Engines Limited The Poynt, 45 Wollaton Street, Nottingham, Nottinghamshire, NG1 5FW, United Kingdom	Foreign Company	Subsidiary of SPP Pumps Ltd.	100	2(87)
17	SPP Pumps Holdings LLC 6716 Best Friend Road, Norcross, GA, USA 30071	Foreign Company	Subsidiary of SPP Pumps Ltd.	100	2(87)
18	SPP Pumps Management LLC 6716 Best Friend Road, Norcross, GA, USA 30071	Foreign Company	Subsidiary of SPP Pumps Ltd.	100	2(87)
19	SPP Pumps LP 6716 Best Friend Road, Norcross, GA, USA 30071	Foreign Company	Owned by partnership firm of SPP Pumps Holding LLC and SPP Pumps Management LLC	100	2(87)
20	Syncroflo Inc. 2905 Pacific Drive, Norcross, GA, USA 30071	Foreign Company	Owned by SPP Pumps LP	100	2(87)
21	SPP Pumps Real Estate LLC 6716 Best Friend Road, Norcross, GA, USA 30071	Foreign Company	Owned by SPP Pumps LP	100	2(87)
22	Kirloskar Ebara Pumps Ltd. Pride Kumar Senate Building, Senapati Bapat Road, Pune 411016	U29120MH1988PLC0 45865	Associate	45	2(6)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	30931657	0	30931657	38.98	30962157	0	30962157	39.00	0.02
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt (s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	19329956	0	19329956	24.36	19329956	0	19329956	24.35	-0.01
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other....	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (1)	50261613	0	50261613	63.33	50292113	0	50292113	63.35	0.01
(2) Foreign									
a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other....	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (2)	0	0	0	0.00	0	0	0	0.00	0.00
Total shareholding of Promoter (A) = (A) (1) + (A) (2)	50261613	0	50261613	63.33	50292113	0	50292113	63.35	0.01
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	3659652	0	3659652	4.61	3980854	0	3980854	5.01	0.40
b) Banks / FI	5399	85811	91210	0.11	11489	85811	97300	0.12	0.01
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	3786139	2250	3788389	4.77	3480461	2250	3482711	4.39	-0.39
g) FIs	6481762	0	6481762	8.17	6066679	0	6066679	7.64	-0.53
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify) Foreign Portfolio Investor	0	0	0	0.00	50000	0	50000	0.06	0.06
Sub-total (B)(1):	13932952	88061	14021013	17.67	13589483	88061	13677544	17.23	-0.44
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	1657210	575634	2232844	2.81	2467770	574472	3042242	3.83	1.02
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	6127281	4444830	10572111	13.32	6116525	4272585	10389110	13.09	-0.24
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1736761	318171	2054932	2.59	1380232	318171	1698403	2.14	-0.45
c) Others (specify)									
- NRI	147803	54518	202321	0.25	165488	54518	220006	0.28	0.02
- Clearing members	13617	0	13617	0.02	68758	0	68758	0.09	0.07
Sub-total (B)(2)	9682672	5393153	15075825	19.00	10198773	5219746	15418519	19.42	0.42
Total Public Shareholding (B)=(B)(1)+(B)(2)	23615624	5481214	29096838	36.67	23788256	5307807	29096063	36.65	-0.01
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	73877237	5481214	79358451	100	74080369	5307807	79388176	100	0.00

Note: Change in % during the year may be attributed to increase in paid up capital of the Company during the year due to ESOS in some cases despite no change in their holding

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% Change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Sanjay C. Kirloskar #	15,850,121	19.97	0.00	15,863,335	19.98	0.00	0.01
2	Rahul Chandrakant Kirloskar ##	404,501	0.51	0.00	404,501	0.51	0.00	0.00
3	Gautam Achyut Kulkarni	435,012	0.55	0.00	435,012	0.55	0.00	0.00
4	Vikram Shreekant Kirloskar ###	70,236	0.09	0.00	70,236	0.09	0.00	0.00
5	Atul Chandrakant Kirloskar ####	398,888	0.50	0.00	398,888	0.50	0.00	0.00
6	Suman Chandrakant Kirloskar #####	9,168	0.01	0.00	9,168	0.01	0.00	0.00
7	Neeta Achyut Kulkarni	6,693	0.01	0.00	6,693	0.01	0.00	0.00
8	Mrinalini Shreekant Kirloskar	13,781	0.02	0.00	13,781	0.02	0.00	0.00
9	Pratima Sanjay Kirloskar	13,736,770	17.31	0.00	13,754,056	17.33	0.00	0.02
10	Alpana Rahul Kirloskar	100	0.00	0.00	100	0.00	0.00	0.00
11	Jyotsna Gautam Kulkarni	100	0.00	0.00	100	0.00	0.00	0.00
12	Arti Atul Kirloskar	100	0.00	0.00	100	0.00	0.00	0.00
13	Alok Kirloskar	6,187	0.01	0.00	6,187	0.01	0.00	0.00
14	Kirloskar Industries Limited	18,988,038	23.93	0.00	18,988,038	23.92	0.00	-0.01
15	Prakar Investments Private Limited	269,671	0.34	0.00	269,671	0.34	0.00	0.00
16	Achyut and Neeta Holding and Finance P. Ltd.	72,247	0.09	0.00	72,247	0.09	0.00	0.00
	Total	50,261,613	63.33	0.00	50,292,113	63.35	0.00	0.02

Note: Change in % during the year may be attributed to increase in paid up capital of the Company during the year due to ESOS in some cases despite no change in their holding

Out of these, Sanjay C. Kirloskar holds 14,238,720 (14,225,506) equity shares in the individual capacity, 16,21,600, equity shares as a Trustee of Kirloskar Brothers Limited Employees Welfare Trust Scheme and 3,015 equity shares as a trustee of C.S. Kirloskar Testamentary Trust.

Out of these, Rahul C. Kirloskar holds 3,93,263 equity shares in the individual capacity, 5,625 as a Karta of Rahul C. Kirloskar HUF and 5,613 as a Trustee of C.S. Kirloskar Testamentary Trust.

Out of these, Vikram S. Kirloskar holds 2,625 equity shares as a Karta of Vikram S. Kirloskar HUF and 67,611 equity shares as a Trustee of Rooplekha Life Interest Trust.

Out of these, Atul C. Kirloskar holds 3,93,263 equity shares in the individual capacity and 5,625 as a Karta of Atul C. Kirloskar HUF.

Out of these, Smt. Suman C. Kirloskar holds 2,947 equity shares in the individual capacity and 6,221 as a Trustee of C.S. Kirloskar Testamentary Trust.

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	50,261,613	63.33	50,261,613	63.33
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):				
Acquisition on June 25, 2014	13,330	0.02	50,274,943	63.35
Acquisition on June 26, 2014	45	0.00	50,274,988	63.35
Acquisition on June 27, 2014	196	0.00	50,275,184	63.35
Acquisition on March 25, 2015	40	0.00	50,275,224	63.33
Acquisition on March 26, 2015	13,174	0.02	50,288,398	63.35
Acquisition on March 27, 2015	3,715	0.01	50,292,113	63.35
At the End of the year			50,292,113	63.35

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Amansa Capital Pte. Limited A/c Amansa Holdings Private Limited	4298110	5.42	-	-
2	Amansa Holdings Private Limited	-	-	4809712	6.06
3	Reliance Capital Trustee Co. Limited	3659652	4.61	3621199	4.56
4	The New India Assurance Company Limited	1513002	1.91	1513002	1.91
5	General Insurance Corporation of India	1407434	1.77	1406725	1.77
6	ICICI Prudential Life Insurance Company Limited	1160140	1.46	1910313	2.41
7	Warburg Value Fund	1000000	1.26	1000000	1.26
8	The Oriental Insurance Company Limited	676775	0.85	536806	0.68
9	The Mysore Kirloskar Limited	562500	0.71	562500	0.71
10	Acacia Partners LP	408925	0.52	-	-
11	B.R. Gopalakrishna	262362	0.33	-	-
12	Kotak Emerging Equity Scheme	-	-	346608	0.44
13	Kala Hiralal Doshi	-	-	200000	0.25

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	For Each of the Directors and KMP				
1	Sanjay Kirloskar	15,850,121	19.97		
	At the beginning of the year				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):				
	March 25, 2015	40	0.00	15,850,161	19.97
	March 26, 2015	13,174	0.02	15,863,335	19.98
	At the End of the year			15,863,335	19.98
2	Jayant Sapre				
	At the beginning of the year	0	0.00		
	July 22, 2014	16,725	0.02	16,725	0.02
	At the End of the year			16,725	0.02
3	Vikram Kirloskar				
	At the beginning of the year	70,236	0.09	70,236	0.09
	Increase/decrease during the year	0	0		
	At the End of the year			70,236	0.09
4	Shrikrishna N Inamdar				
	At the beginning of the year	32,816	0.04	32,816	0.04
	Increase/decrease during the year	0	0.00		
	At the End of the year			32,816	0.04
5	Padmakar Jawadekar				
	At the beginning of the year	6,000	0.01	6,000	0.01
	Increase/decrease during the year	0	0.00		
	At the End of the year			6,000	0.01
6	Anil N Alawani				
	At the beginning of the year	7,500	0.01	7,500	0.01
	Increase/decrease during the year	0	0.00		
	At the End of the year			7,500	0.01
7	Lalita D Gupte				
	At the beginning of the year	0	0.00	0	0.00
	Increase/decrease during the year	0	0.00		
	At the End of the year			0	0.00

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
8	Pratap B Shirke				
	At the beginning of the year	20,000	0.03	20,000	0.03
	Increase/decrease during the year	0	0.00		
	At the End of the year			20,000	0.03
9	Alok S Kirloskar				
	At the beginning of the year	6,187	0.01	6,187	0.01
	Increase/decrease during the year	0	0.00		
	At the End of the year			6,187	0.01
10	Umesh Shastry				
	At the beginning of the year	0	0.00	0	0.00
	Increase/decrease during the year	0	0.00		
	At the End of the year			0	0.00
11	Sandeep Phadnis				
	At the beginning of the year	0	0.00	0	0.00
	Increase/decrease during the year	0	0.00		
	At the End of the year			0	0.00

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	477,717,741	1,762,053,189	0	2,239,770,930
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	16,907,397	0	16,907,397
Total (i + ii + iii)	477,717,741	1,778,960,586	0	2,256,678,327
Change in Indebtedness during the financial year				
Addition	1,214,218,404	0	0	1,214,218,404
Reduction	0	1,088,769,257	0	1,088,769,257
Net Change	1,214,218,404	1,088,769,257	0	125,449,147
Indebtedness at the end of the financial year				
i) Principal Amount	1,691,936,145	690,191,329	0	2,382,127,474
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i + ii + iii)	1,691,936,145	690,191,329	0	2,382,127,474

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars	Name of MD/WTD/Manager		
		Sanjay C. Kirloskar Managing Director	Jayant R. Sapre Whole Time Director	Total
A.	Remuneration to Managing Director, Whole-time Directors and/or Manager:			
1	Gross salary			
	a) [#] Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	32,049,021	17,045,685	49,094,706
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	3,804,827	*5,434,155	9,238,982
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission			
	- as % of profit			
	- others, specify			
5	Others, please specify			
	Total (A)	35,853,848	22,479,840	58,333,688
	Ceiling as per the Act			18,229,171

[#] Salary includes commission for the year 2013-14 (MD – 25,000,000 and WTD – 12,500,000) paid during the year.

* This includes ₹ 4,877,010 as perquisite valuation on account of allotment of 16,725 equity shares granted as part of commission for the year 2012-13

B. Remuneration to other directors

Independent Directors		Name of Directors			
	Name of the Directors	Shrikrishna N. Inamdar	U. V. Rao (ceased on 24.01.2015)	Padmakar S. Jawadekar	-
	Fee for attending board / committee meetings	1,200,000	600,000	1,200,000	
	Commission				
	Others, please specify: Professional fees	1,000,000	-	-	
	Total (1)	2,200,000	600,000	1,200,000	
	Name of the Directors	Lalita D. Gupte	Pratap Shirke		Total
	Fee for attending board / committee meetings	525,000	750,000		4,275,000
	Commission				
	Others, please specify	-	-		1,000,000
	Total (1)	525,000	750,000		5,275,000

	Other Non- Executive Directors	Name of Directors			
	Name of the Directors	Vikram S. Kirloskar	Anil N. Alawani	Alok S. Kirloskar	Total
	Fee for attending board / committee meetings	75,000	750,000	375,000	1,200,000
	Commission				
	Others, please specify	-	-	-	
	Total (2)	75,000	750,000	375,000	1,200,000
	Total (B) = (1 + 2)				
	Fee for attending board / committee meetings	5,475,000			
	Commission				
	Others, please specify: Professional fees	1,000,000			
	Total	6,475,000			
	Total Managerial Remuneration	0			
	Overall Ceiling as per the Act	1,822,917			

C. Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD:

Sl. No.	Particulars	Name of Key Managerial Personnel		
		Umesh Shastry Chief Financial Officer	Sandeep Phadnis Company Secretary	Total
1	Gross salary			
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4,670,314	2,224,132	6,894,446
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	297,263	164,365	461,628
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission			
	- as % of profit			
	- others, specify			
5	Others, please specify			
	Total (C)	4,967,577	2,388,497	7,356,073

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Sr. No.	Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A.	COMPANY			Nil		
	Penalty					
	Punishment					
	Compounding					
B.	DIRECTORS					
	Penalty					
	Punishment					
	Compounding					
C.	OTHER OFFICERS IN DEFAULT					
	Penalty					
	Punishment					
	Compounding					

Annexure II

REMUNERATION POLICY

PHILOSOPHY:

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.

The Company is committed to provide employment to all eligible applicants on the principles of equality without any discrimination.

The employees have to strictly follow the code of ethics and the management practices zero tolerance for the same.

OBJECTIVE:

- Transparent process of determining remuneration at Board and Senior Management level of the Company would strengthen confidence of stakeholders in the Company and its management and help in creation of long term value for them.
- Appropriate balance between the elements comprising the remuneration so as to attract potential high performing candidates for critical position in the Company for attaining continual growth in business.

COVERAGE:

Guidelines of determining remuneration of:

- i. Executive Directors
- ii. Non Executive Directors
- iii. Key Managerial Personnel
- iv. Senior Management Personnel

I. DIRECTORS

i. Executive Directors:

The Board of Directors of the Company shall decide the remuneration of Executive Directors on the basis of recommendation from Nomination and Remuneration Committee (N&RC) subject to the overall limits provided under the Companies Act, 2013 and rules made thereunder, including any amendments, modifications and re-enactments thereto ('the Act') and compliance of related provisions provided therein.

The remuneration shall be approved by the shareholders of the Company as and when required.

The Company shall enter into a contract with every executive director, which will set out the terms and conditions of appointment. The contract shall be recommended by the N&RC and approved by the Board. The contract shall be for such tenure as may be decided by the Board but which in any case shall not exceed the tenure as is provided in the Act and subject to such approvals as may be required.

Board may vary any terms and conditions of the contract from time to time during the tenure subject to such approvals, as may be required under the Act.

Every notice sent to the shareholder for seeking their approval for appointment / re-appointment / remuneration of the executive director shall contain the gist of terms and conditions of the contract.

The remuneration components shall include inter alia:

a. Fixed salary:

Each Executive Director shall be paid fixed salary consisting of basic salary and such allowances and perquisites as may be recommended by N&RC and decided by Board based on recommendations of N&RC and performance evaluation of each executive director from time to time, subject to overall limits as prescribed under Act.

The salary shall remain fixed for the tenure of the executive director.

b. Commission:

The Board may approve payment of commission subject to the limits provided in the Act. The eligibility and the amount of commission to be paid to each director shall be recommended by the N&RC on the basis of the performance evaluation of the executive director undertaken by the N&RC and Board.

c. Non monetary benefits:

Executive directors may be entitled to club membership, company vehicle with driver, reimbursement of fuel expenses, vehicle maintenance, telephone, fax, internet at residence, reimbursement of mobile phone bill, fully furnished accommodation (in case of use of own residential property for accommodation, house rent allowance shall be paid), furnishings, reimbursement of house maintenance expenditure, reimbursement of gas, electricity bill, water & other utilities and repairs at residence, reimbursement of medical expenditure for self and family and leave travel assistance.

The Executive Directors shall not be entitled for sitting fess for attending the Board and any Committee meetings.

Executive Director may also be entitled to personal accident insurance, group accident insurance coverage, medical insurance coverage, term insurance etc. as per the Company's policy.

d. Stock options:

Executive directors may be granted stock options as may be approved by the N&RC, if they are eligible as per existing or any scheme of stock options by the Company.

e. Compensation for loss of office may be paid as may be approved by the Board subject to the provisions of Section 202 of the Act.

f. Separation / Retirement benefits:

Executive Director shall be eligible to the following perquisites which shall be included in the computation of the ceiling on remuneration provided in the Act except in case of loss or inadequacy of profits of the Company:

- (a) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961 or any amendment thereof
- (b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and
- (c) Encashment of leave at the end of the tenure.

g. Performance Evaluation:

Performance evaluation of each executive director will be based on the key parameters for short and long term performance objectives appropriate to the working of the Company and its goals.

ii. **Non Executive Directors:**

The Company shall issue a letter of engagement or appointment to every non- executive - Independent director. The components of payment of remuneration to Non executive directors shall be as follows:

a. **Sitting fees :**

Sitting fees shall be paid for Board Meetings and any Committee Meetings attended by the Director. The fees shall be same for attending the Board or Committee meetings or Board may determine the amount of sitting fees that may be paid for different types of meetings within limits as prescribed under the Act.

Committee shall include Audit Committee, Nomination & Remuneration Committee, Shareholders'/Investors' Grievance and Stakeholders' Relationship Committee, Corporate Social Responsibility Committee or such Committees as may be constituted by the Board.

b. **Commission:**

The Board may approve payment of commission subject to the limits provided in the Act. The eligibility and the amount of commission to be paid to each director shall be recommended by the N&RC on the basis of annual performance evaluation of the director based on directors' attendance in board meeting, membership / chairmanship of the committees of the Board, time devoted for the Company, contribution in the Board process and such other criteria like duties delegated to the director etc. and which requires payment of higher commission to the director.

c. **Stock Options:**

Independent Directors and Promoter Directors shall not be entitled for stock options of the Company.

N&RC may recommend and grant issue of stock options to other directors subject to the compliance of the provisions of relevant laws.

d. **Professional fees:**

Non executive directors may be paid fees for services of professional nature, if in the opinion of N&RC, the director possesses the requisite qualification for practicing the profession. N&RC may decide the qualifications which shall be deemed to be requisite qualification possessed by the Director(s) for providing services of the professional nature and the N&RC is not required to give its opinion to the company in that capacity. Such professional fees shall not be considered as remuneration for the purpose of Act.

EXCESS REMUNERATION:

The Board of Directors may decide to remunerate the Director/s beyond the overall limits provided under the Companies Act, 2013 subject to compliance of provisions in this regard including obtaining approval of shareholders / Central Government, if required, owing to loss incurred by the Company or inadequacy of profits and situation entails providing such remuneration.

WAIVING OF EXCESS REMUNERATION:

Any remuneration or sitting fees paid, whether directly or indirectly, to any director beyond the limits prescribed under the Act and for which approval of the shareholders or Central Government is not obtained, if required to be obtained, the same shall be refunded to the Company and until such sum is refunded, hold it in trust for the Company.

The Company shall not, in any case, waive the recovery of any such sum unless specific permission is obtained from Central Government for waiving such excess payment.

II. KEY MANAGERIAL PERSONNEL & SENIOR MANAGEMENT

i. Key Managerial Personnel:

For the purpose of this Policy, Key Managerial Personnel (KMP) includes Chief Executive Officer, Manager, Chief Financial Officer and Company Secretary and such other officers as may be prescribed under Act from time to time, but shall not include members of the Board of Directors.

The Company shall issue an appointment letter to every KMP to be signed by Managing / Executive director. The letter shall detail the job profile, duties, remuneration, other benefits and other terms and conditions.

The remuneration components may include:

a. Fixed salary:

Each KMP shall be paid fixed salary consisting of basic salary and such allowances and perquisites as per service rules of the Company. The band of the salary shall be determined according to the industry standards, market conditions, scale of the Company's business relating to the position, educational qualification parameters and personal experience in the industry as detailed in the service rules of the Company and such other factors as may be prescribed therein.

The same shall be reviewed annually based on the Company's annual appraisal policy.

b. Variable pay:

Variable pay to every KMP shall be as per the Performance Linked Pay Scheme of the Company, which is designed to bring about increase in overall organizational effectiveness through alignment in the objectives of the Company and the Individual.

The variable pay shall be payable at the end of every financial year based on absolute & relative performance of the Company and Business Units. The performance will be measured on the basis of contribution made by the respective Business Unit to the Company. The weightage of the same will be decided by the N&RC in each case before the beginning of the each financial year.

The performance parameters & its evaluation:

i. Company Level parameters:

Company level targets shall be in line with their approved Annual Operating Plan to be approved by the Executive Directors

ii. Business Unit level parameters:

Business Unit level targets shall be in line with their approved Annual Operating Plan to be approved by the Executive Directors.

iii. Corporate Functional & Sectors parameters & its evaluation

The overall Company level performance shall be applicable for all the corporate functions & sectors.

iv. Individual level performance parameters & its evaluation

Key Result Areas (KRA) which will be set in the beginning of the year for every quarter in consultation with the executive director and individual level performance for achievement of KRAs.

The entitlement as per the Performance Linked Variable Pay Scheme shall be disclosed in the appointment letter. Variable Pay is assessed on annual basis and the same is paid in the salary of

June month of every Financial Year. The particulars of the payment shall be communicated to the concerned in his/her salary slip relevant for the month in which the variable pay is paid.

c. Perquisites/Other Benefits:

Perquisites/Other Benefits to KMP may include a Company provided car, petrol reimbursement, vehicle maintenance, telephone, reimbursement of mobile phone bill and reimbursement of medical expenditure for self and family as per Company Policy.

KMP may be entitled to personal accident insurance, group accident insurance coverage, medical insurance coverage, term insurance etc. as per Company policy.

d. Annual Pay Revision/Promotion

There are Key Result Areas which will be set in the beginning of the year for every quarter in consultation with the executive director and the performance appraisal shall be done in the format provided by the HR department. Based on this annual pay revision and/or promotion will be decided.

e. Stock options:

To motivate executives to pursue long term growth and objectives of the Company, the executive directors may nominate KMP for receiving stock options on the basis of the eligibility criterion of any scheme of stock options, if any, declared in the future by the Company.

f. Compensation for loss of office may be paid as may be set out in the appointment letter.

g. Separation/Retirement benefits:

Separation/retirement benefits as per Company policy which shall include contribution to provident fund, superannuation, gratuity and leave encashment.

ii. **Senior Management:**

The Company shall issue an appointment letter to every senior management personnel to be signed by the reporting Managing/Executive Director and KMP. The letter shall provide details of the job profile, duties, remuneration package and other terms and conditions.

Senior management personnel means personnel of the Company who are members of its core management team excluding Board of Directors comprising of all members of management one level below the executive directors, including the functional heads i.e. all sector/divisional heads.

The remuneration components shall be:

a. Fixed salary:

Each senior management personnel shall be paid fixed salary consisting of basic salary and such allowances and perquisites as per service rules of the Company. The band of the salary shall be determined according to the industry standards, market conditions, scale of Company's business relating to the position, educational qualification parameters and personal experience in the industry as detailed in the service rules of the Company and such other factors as may be prescribed therein.

The same shall be reviewed annually based on the Company's annual appraisal policy.

b. Variable pay:

Variable pay to every Senior Management Personnel shall be as per the Performance Linked Pay Scheme of the Company, which is designed to bring about increase in overall organizational effectiveness through alignment of Company, Unit and Individual objectives.

The variable pay shall be payable at the end of every financial year based on absolute & relative performance of the Company and Corporate Function/Sectors. The performance will be measured on the basis of contribution made by the respective function/sector to the Sales of the Company and Contribution earned by the respective function/sector while arriving at bottom line of Company. The weightage of the same will be decided by the N&RC in each case before the beginning of the each financial year.

The performance parameters & its evaluation:

i. Company Level parameters:

Company level targets shall be in line with their approved Annual Operating Plan to be approved by the Executive Directors

ii. Business Unit level parameters:

Business Unit level targets shall be in line with their approved Annual Operating Plan to be approved by the Executive Directors.

iii. Corporate Functional & Sector parameters & its evaluation

The overall Company level performance shall be applicable for all the corporate functions & sector.

iv. Individual level performance parameters & its evaluation

Key Result Areas (KRA) which will be set in the beginning of the year for every quarter in consultation with the executive director and individual level performance for achievement of KRAs.

The entitlement as per the Performance Linked Variable Pay Scheme shall be disclosed in the appointment letter. Variable Pay is assessed on annual basis and the same is paid in the salary of a June month of every Financial Year. The particulars of the payment shall be communicated to the concerned in his/her salary slip relevant for the month in which the variable pay is paid.

c. Perquisites/Other Benefits:

Perquisites/Other Benefits to Senior Management Personnel may include petrol reimbursement, vehicle maintenance, telephone, reimbursement of mobile phone bill and reimbursement of medical expenditure for self and family as per Company Policy.

Senior Management Personnel may be entitled to personal accident insurance, group accident insurance coverage, medical insurance coverage, term insurance etc. as per Company policy.

d. Annual Pay Revision/Promotion

There are Key Result Areas which will be set in the beginning of the year for every quarter in consultation with the executive director and the performance appraisal shall be done in the format provided by the HR department. Based on this annual pay revision and/or promotion will be decided.

e. Stock options:

To motivate executives to pursue long term growth and objectives of the Company, the executive directors may nominate Senior Management Personnel for receiving stock options on the basis of the eligibility criterion of any scheme of stock options, if any, declared in the future by the Company.

f. Compensation for loss of office may be paid as may be set out in the appointment letter.

g. Retention Bonus

Senior Management Personnel may be entitled to retention bonus based on the industry standards, market conditions, and scale of Company's business relating to the position, educational qualification parameters and personal experience in the industry.

h. Separation/Retirement benefits:

Separation/retirement benefits as per Company policy which shall include contribution to provident fund, superannuation, gratuity and leave encashment.

DIRECTORS' & OFFICERS' LIABILITY INSURANCE:

The Company may take Directors & Officers liability insurance or such insurance of like nature for indemnifying any of the Directors or its KMP against any liability in respect of any negligence, default, misfeasance, breach of duty or trust for which they may be guilty in relation to the Company, the premium paid on such insurance shall not be treated as part of remuneration payable to such personnel. Provided that if such person is proved to be guilty, the premium paid shall be treated as part of remuneration.

CONSULTANTS & ADVISORS:

The N&RC may take services of such consultants & advisors as may be required to assist in determination of optimum remuneration structure and evaluation of the same for the Company's Directors, KMPs and senior management and shall have the authority to approve the fees payable to such consultants & advisors.

The N&RC shall have access to data of the Company relating to annual operating plan, management & leadership programs, employee survey, initiatives, operational reviews for purpose of undertaking their terms of reference and providing such recommendations as are required under the policy and take such assistance from the Head of the Human Resource Department as may be required for assessing the effectiveness and performance of any employee covered under the policy.

For Kirloskar Brothers Limited



Sanjay C. Kirloskar
Chairman & Managing Director

Pune : September 25, 2014

Annexure III

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

(A) Conservation of energy:

(i) the steps taken or impact on conservation of energy

- Use of wind energy and maintaining power factor.
- Installed solar water pump in Paint Booth Shop.
- Screw compressor replaced
- Pneumatic tool replaced by battery operated tools at Single phase

(ii) the steps taken by the Company for utilizing alternate sources of energy

- Street light replaced by Solar LED Light.
- Implementation of roof water and storm water harvesting projects.
- Use of wind energy and maintaining power factor.

(iii) the capital investment on energy conservation equipments

₹ 2,569,546 towards replacement of pneumatic tool by battery operated tools at Single phase and Screw compressor.

(B) Technology absorption:

(i) The efforts made towards technology absorption

- Design of Shut Down Cooling Pump (SDCP) SD 200/50 for Heavy water application.
- Development, manufacturing and testing of Horizontal Split case Pump UPH 1200/110(H) and UPH 1000/160(DV).
- 6 Nos. Sump Model tests for various customers.
- Design and development of Pump as Turbine (PAT).
- Design and development of performance test rig for Water jet pumps.
- Economy open well submersible pumps.
- JOS (Higher rating 10-30 HP) Open well Submersible.
- Kinetic Air Valve - 50mm, 200mm (Optimized Design)
- Development of 300mm Siphon Air Valve
- Design of 10" CL150# Tri-Eccentric Metal Seated Butterfly Valves.

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution

- Reduction in product development time and cost
- Capability enhancement.
- Enhancement of Product range.
- Sealing product gaps
- Competitive edge over other pump manufacturers in areas like Sodium pumps, Nuclear pumps.

(iii) In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year)

(a) The details of technology imported : Magnetic drive pumps

(b) The year of import : 2014

(c) Whether the technology been fully absorbed : Yes

(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof : NA

(iv) Expenditure incurred on Research and Development (₹)

Revenue expenditure 305,951,512

Capital Expenditure 150,795,422

Total 456,746,934

(C) Foreign Exchange earnings and outgo (₹)

Foreign Exchange earned in terms of actual inflows during the year 1,279,457,466

Foreign Exchange outgo during the year in terms of actual outflows 746,013,906

Annexure IV
ANNUAL REPORT FOR CORPORATE SOCIAL RESPONSIBILITY (CSR)

1	A brief outline of the Company's CSR policy including overview of projects or programs proposed to be undertaken.	The Company is committed to uphold the interest of stakeholders by implementing the guidelines given in the Business Excellence Model working towards sustainability. The focus of Company's CSR activities is health and education. The implementing agencies viz. Vikas Charitable Trust and Radhabai Memorial Trust have been recognized for implementing the CSR initiatives of the Company.
	The web-link to the CSR Policy.	http://www.kirloskarpumps.com/investors-investor-information-policies.aspx
2	Composition of CSR Committee	Mr. Sanjay C. Kirloskar - Chairman Mr. Jayant R. Sapre - Member Mrs. Lalita D. Gupte - Member
3	Average Net Profit of the company for last 3 financial years	₹ 699,319,896/-
4	Prescribed CSR Expenditure (2% of amount as in item 3 above)	₹ 13,986,398/-
5	Details of CSR spent during the financial year:	
	Total amount to be spent for the year:	₹ 13,986,398/-
	Amount unspent, if any	Nil
	Manner in which the amount spent during the financial year is detailed as below:	The Corporate Social Responsibility activities for the year 2014-15 were focused on Education sector and as approved by the Committee for the year 2014-15 it was implemented through Kirloskar Institute of Advance Management Studies (KIAMS). The details are as follows

1	2	3	4	5	6	7	8
Sl. No.	CSR project or Activity identified	Sector in which project is covered	Projects or programs 1. Local Area or Other 2. Specify the state and district where projects or programs were undertaken	Amount outlay (Budget) project or program-wise	Amount spent in the projects or programs Sub - Heads 1. Direct expenditure on projects or programs 2. Over-heads	Cumulative expenditure upto to the reporting period	Amount spent Direct or through Implementing agency*
1	To build all infrastructure facilities and other allied Capital equipment for KIAMS and Repayment of Term Loan (Loan availed for Project)	Education	Village Dhamne, Tal Maval, Dist. Pune	7,900,000	4,500,000	-	4,500,000

6	The Committee hereby affirms that the implementation and monitoring of Corporate Social Responsibility Policy, is in compliance with Corporate Social Responsibility objectives and Policy of the Company.
---	--



Sanjay C. Kirloskar
Chairman & Managing Director

Chairman CSR Committee

Annexure V

DISCLOSURE AS REQUIRED UNDER SECTION 197(12)

(As per Rule 5 of the Companies Appointment and Remuneration of the Managerial Personnel) Rules 2014

(i)	the ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year	Managing Director – 15 : 1 Whole Time Director – 7 : 1
(ii)	the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Managing Director & Whole Time Director – There is no increase in remuneration due to non-payment of commission for the year Chief Financial Officer – 7.1% Company Secretary – 11%
(iii)	the percentage increase in the median remuneration of employees in the financial year	Average increase - 10.9%
(iv)	the number of permanent employees on the rolls of company	2342 (Staff 1344 & Bargainable 998)
(v)	the explanation on the relationship between average increase in remuneration and company performance	Remuneration is revised based on the Company's policy which is based on Annual Operating Plan
(vi)	comparison of the remuneration of the Key Managerial Personnel against the performance of the company	Comparison base year is 2013-14; Average increase in the remuneration of KMP is 9% as compared to decrease of 6.85% in the revenue
(vii)	Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year. Percentage increase over the last public offer price is not relevant as there has never been any public offer by the Company	Variation in market capitalization
		Market Capitalisation
		13-14
		14-15
		BSE
		₹ 1307 Cr.
		₹ 1529 Cr
		NSE
		₹ 1311 Cr.
		₹ 1519 Cr
		Variation in price earning ratio
		Price earning ratio
		13-14
		14-15
		BSE
		27.40
		179.96
		NSE
		27.48
		178.80
(viii)	average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Refer point no. (iii) and (v)
(ix)	comparison of the each remuneration of the Key Managerial Personnel against the performance of the company	Refer point no. (vi)
(x)	the key parameters for any variable component of remuneration availed by the directors	There is no variable payment made to the directors for the year. The components for payment of commission are provided in the Remuneration policy enclosed elsewhere.
(xi)	the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the period	None
(x)	affirmation that the remuneration is as per the remuneration policy of the company	Yes

Annexure VI
Statement of details of employees falling under Rule 5(2) of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sl. No.	Name of the employee	Designation of employee	Remuneration received (p.a.)	Nature of employment, whether contractual or otherwise	Qualifications and experience of the employee	Date of commencement of employment	Age of such employee	Last employment held by such employee before joining the company	Percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2)	Whether any such employee is a relative of any director or manager of the company	Name of such director
1	Mr. Sanjay C. Kirloskar	Managing Director	₹ 1,17,46,447/-	Contractual	Bachelor of Science (M.E.), Illinois Inst. of Tech. USA	02.05.1983	56 Years	Kirloskar Cummins Limited, Pune	19.98 (#15,863,335)	Yes	Mr. Alok Kirloskar
2	Mr. Avinash Wamanrao Purandare	Vice President & Head	₹ 62,85,264/-	Contractual	B.E.-Electrical Exp:33.5 Years	01.01.1982	54 Years	SAP India (P) Ltd.	0.00	No	-

Out of these, Sanjay C. Kirloskar holds 14,238,720 equity shares in the individual capacity, 16,21,600, equity shares as a Trustee of Kirloskar Brothers Limited Employees Welfare Trust Scheme and 3,015 equity shares as a trustee of C.S. Kirloskar Testamentary Trust.

Annexure VII
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 SEBI (Share Based Employee Benefits) Regulations, 2014 and resolution of the Company in the 87th Annual General Meeting held on July 20, 2007.

For **M/s P. G. BHAGWAT**
Chartered Accountants
Registration number of the Firm: 101118W

Abhijeet Bhagwat
Partner
Membership No. 136835

Pune: April 27, 2015

Disclosure regarding Employee 'Share a Vision' Stock Option Scheme 2007

	Particulars	Employees“Share a Vision” Stock Option Scheme, 2007	
a.	Number of Options granted	6,37,325 options	
b.	Pricing Formula	5,52,250 options at ₹ 200/- and 85,075options at ₹ 2/-	
c.	Number of Options vested	0	
d.	Number of Options exercised	67,410 Options	
e.	Total number of shares arising out of exercise of Options	67,410 Options	
f.	Number of Options lapsed	5,47,165 options	
g.	Variation in the terms of the Options	No variations	
h.	Money realized by exercise of Options	₹ 33,39,450/-	
i.	Total number of Options in force	22,750 options	
j.	Employee wise details of options granted to -		
	i. Senior Management Personnel	Name Jayant Sapre Subodh Srivastava	Options Granted 20,000 1,500
	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	Nil	
	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	₹ 1.07	
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.	Net Profit As reported Add:- Intrinsic value Less – Fair Value As Adjusted Basic EPS As reported As adjusted Diluted EPS As reported As adjusted	 84,868,880 (41,90,251) <u>(40,12,852)</u> 85,046,279 1.07 1.07 1.07 1.07
m.1	Weighted average exercise prices for options whose exercise price– i. equals market price ii. exceeds market price iii. is less than market price	Nil Nil ₹ 2	
m.2	Weighted fair values for options whose exercise price – i. equals market price ii. exceeds market price iii. is less than market price(as on grant date)	Nil Nil ₹ 177.18	
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: 1. risk free rate 2. expected life 3. expected volatility 4. expected dividends and 5. the price of the underlying share in the market at the time of option grant.	Black-Scholes options pricing model, with the following assumptions: 8.66% 2.50 years 35.98% 1.37% 184.93	

Annexure VIII
SECRETARIAL AUDIT REPORT

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]
For The Financial Year Ended 31st March, 2015

To,
The Members, of
KIRLOSKAR BROTHERS LIMITED
Udyog Bhavan, Tilak Road,
Pune- 411 003.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by KIRLOSKAR BROTHERS LIMITED, hereinafter called the company. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I/We hereby report that in my/our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;- [No incidence during the audit period, hence not applicable]
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; [No incidence during the audit period, hence not applicable]

- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; [No incidence during the audit period, hence not applicable]
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; [No incidence during the audit period, hence not applicable]
- (vi) No other law is applicable specifically to the Company.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. [Not notified, hence not applicable to the company during the Audit period].
- (ii) The Listing Agreements entered into by the Company with BSE Ltd & NSE Ltd.;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors (except vacancy caused by death of an independent director on 24th January, 2015). The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decisions in the Board meeting were taken unanimously during the audit period.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period there is no event/action having a major bearing on the Companies affairs.

Mahesh J. Risbud
Practicing Company Secretary
FCS No. 810
C P No.: 185
UCN – S1981MH000400

Pune : 27th April, 2015

MANAGEMENT DISCUSSION AND ANALYSIS 2014-15

World Economy

World Bank reports that the global economy grew by 2.6 percent in 2014 compared to 2.5 percent in 2013. The growth was lower in comparison to initial projections. Business in the United States and the United Kingdom gathered momentum on account of favourable labour markets and easy monetary policy. Growth in other developing countries exhibited poor external demand because of conservative domestic policy, political uncertainties and supply constraints.

The factors that will drive the economic outlook in 2015 are soft commodity prices, low interest rates along with increasingly divergent financial policies across large economies and deficient world trade. The notable decline in oil prices mid-year may support international activity and remove some impediments to growth in oil importing developing nations.

A collapse of the Euro seems to have been averted at least in the short term. The region is suffering from stagnation, low inflation, unemployment and debt. European Union relations with Russia have rapidly deteriorated which may lead to serious economic repercussions. China, the world's second largest economy grew 7.4 percent in 2014, missing its official 7.5 percent target but still the slowest since 1990. The Chinese economy grew at its slowest pace in 24 years in 2014 as property prices dropped. Government took steps to avoid a steep decline in growth rates. The end use industries, notably mining and oil and gas suffered heavily in the situation. Prominent raw material suppliers to China such as Australia, Brazil, Indonesia, Chile and South Africa may need to change their production plan so as to address the emerging demand scenario. Germany may get affected by the Chinese slowdown because of its leading position in the country's capital goods market.

The World economy is forecast to grow at 3.0 percent in 2015. High income economies may witness a growth of 2.2 percent in 2015, up from 1.8 percent in 2014. The factors contributing towards the progress in these economies are recovering labour markets, fiscal

consolidation and low financing costs. Growth is expected to pick up steadily from 4.4 percent in 2014 to 4.8 percent in 2015 in developing countries.

Indian Economy

Manufacturing activity momentum accelerated to a two year high in December 2014, led by an increase in new orders from the domestic and international markets. Foreign direct investments witnessed their strongest inflow since April 2011. Cost pressures eased to their lowest level in more than five and a half years. A further push to development will be provided by declining oil prices and monetary easing facilitated by ongoing moderation in inflation. Subsequently, with the trend of deflation gaining ground, the RBI may find room for interest rate cuts in 2015.

Activities which recorded noteworthy growth in 2014-15 in comparison to the fiscal 2013-14 are Electricity, Natural Gas and Water supply at 8.7%, Construction at 4.6%, Community, Social and Personal Services at 9.6% and Financing, Insurance, Real-Estate and Business Services at 9.5%. Economic growth in India is expected to be in the range of 6.2 - 6.4% in 2015. Future growth will increasingly depend on strong investment and export performance.

Global Pump Market Outlook

The European Industrial Foundation forecasts the world pump market to be around \$ 45 billion. The centrifugal pump market is around \$ 26 billion. The global pump market is estimated to grow at a compounded annual growth rate of nearly 7 percent for the period 2014-19.

Increasing demand for water pumps is a consequence of massive urbanization and industrialization being witnessed in developing countries. According to the UN Medium Population Projections, more than 2.8 billion people in 48 countries will face water stress by 2025. Of these countries, 40 are in West Asia, North Africa or sub-Saharan Africa. Among the countries likely to run short of water in the next 25 years are Ethiopia, India, Kenya, Nigeria and Peru. Parts of other large countries such as China, already face chronic water problems. Bahrain,

Kuwait, Saudi Arabia and the United Arab Emirates have resorted to desalinization of seawater from the Gulf. Water shortage is one of the key factors driving the demand for water pumps as governments across the globe are pushing industries towards recycle and reuse of water. Therefore, water and waste water, encompassing industrial and municipal segments together account for 33% of the world pump market in 2014 and is expected to maintain this position in the time to come.

Rising awareness about energy efficiency norms and benefits are driving pump manufacturers to develop energy efficient products. In 2015, European Union introduced stricter regulations pertaining to the minimum efficiency values for the Energy-related Products (ErP) which consists of water pumps and motors. Electric motors from 7.5 kW up to 375 kW that are delivered within the European Union (EU) need to comply with efficiency class IE3 regulations. In the mentioned kW range and area, IE2 motors can only be used when driven via a frequency inverter.

The resurgence of economic activities in North America and the Asia-Pacific (APAC) augurs well for pump manufacturers. Developing countries are expected to witness the highest growth owing to flourishing chemicals industry. Manufacturers are shifting emphasis away from developed economies. Asia-Pacific contributes around 46 % of chemical sales worldwide and may attract significant interest with investment from large corporations and successful merger and acquisition activities in the industry. Analysis from Frost and Sullivan of the Global Pumps Market in the Chemicals Industry found that the market earned revenues of more than \$ 4 billion in 2013 and estimates this to cross \$5 billion in 2020.

Indian Pump Industry

The organised pump market in India in 2014 was ₹ 10532 crores and is expected to reach ₹13,419 crores in 2018 at a compounded annual growth rate of 5%. Major segments in the market driving pump demand are Agriculture, Water and Wastewater and Building Services industries. Solar driven water pump may see a good order flow because of government financed schemes.

An upswing in 2015 has been predicted because of initiatives by the government for solving policy logjams. Investments in Infrastructure (Airports, Ports and Water and Wastewater), Cement, Power and Oil Refineries will boost pump demand in the country.

Strategy and Policy

KBL unveiled a new, inspiring vision in the current fiscal year. The new vision for KBL is:

“Kirloskar Brothers Limited will be one of the most admired engineering companies in the world”

The vision is expected to galvanize our employees and business partners to deliver their best every day for the benefit of stakeholders of KBL.

The emphasis is on driving a balanced growth in India and overseas business. KBL's international business now contributes 35 percent to the consolidated KBL revenues. While KBL continues to enjoy leadership position in the Indian pump market, it also leads in the UK pump market through its subsidiary SPP and has strengthened its position in North America, Europe, the Middle East, South East Asia and Africa. In international markets, KBL delivers value to the customers through a network of subsidiaries, manufacturing plants and dealer base in strategic locations. KBL positions multiple brands offering unique set of values to the customers. International business was restructured to improve on customer connect and enable seamless collaboration across KBLs' global entities. Several orders were won against stiff international competition from Europe, North America, South East Asia and North Africa. Approvals from major Engineering Procurement and Construction (EPC) contractors were received.

In India, KBL grew its product business by 12 percent this fiscal year. KBL's thrust on innovation and customer centricity manifested in the development and launch of new products such as i-CAN and i-NS. i-CAN series of pumps are meant for the ice-making plants, cold storages, air-conditioning plants and dairies. The seal-less and gland-less mono-block lightweight design of the pump reduces maintenance time and total cost of ownership. The pump is capable of handling toxic, explosive, expensive, hazardous, cryogenic and corrosive fluids without any possibility of emissions into the environment and has noise free operation. The i-NS

series is a non-clog sewage submersible pump. The compact size of the pump with an aesthetically-improved design aids in maintenance-free work and in minimizing submergence.

The company offers its customers a basket of niche products such as Lowest Life Cycle Cost (LLC™) series of pumps, Concrete Volute pumps, FM approved UL listed firefighting sets, Auto Prime sets, Water Mist Systems, Solar Pumps, Multi Stage Multi Outlet and Smart Pumps. Each of these products provides a unique value proposition to the customers reducing their overall life cycle costs and uninterrupted operation. The company regularly assesses and strengthens its product portfolio to provide a one stop shop cost effective solutions to the customers.

While leading in the power, irrigation, water supply, firefighting and industrial utility market space, KBL is gaining increased acceptance in the process market and commercial building services market. A series of programs to build strong application teams facilitated in the growth of the businesses. The company develops pumping systems for several marine and defence applications. KBL is well positioned to address the upcoming opportunities in the nuclear market on the base of a strong and proven track record in the nuclear power plants in India. KBL is the only pump manufacturing company in India to have received N and NPT stamp approval from ASME, USA.

The small pump business serving domestic and agriculture segment strengthened its channel network in India as well as in neighbouring countries of Bangladesh, Bhutan, Nepal and Myanmar. Kirloskar pumps are now available online for sale through the e-commerce websites. The business has leveraged Information Technology to synchronize the value chain, from vendors to dealers. Emphasis is on rapid development of new products to cater to diverse requirements of the market.

In projects business, KBL's thrust is on identified international markets while being selective in India. A robust pre-bid risk assessment mechanism is in place to ensure that company bids and accepts only cash positive orders. The practice adopted couple of years back resulted in the qualitative improvement of balance sheet and a debt to equity ratio which is one of the best

in the industry. We have strengthened our project management and execution practices to deliver the projects ahead of the agreed closure date and provide superior experience to customers. The company further strengthened its concept to commissioning capability for the projects.

The after sales team took special initiatives to reduce the spares and service delivery time, enhance customer connect and leverage Information Technology to provide high quality service experience to our customers.

International Business Strategy

The exports business inclusive of Information Technology (IT) Services was ₹ 120 crores, a rise of 24% over last fiscal. Aggressive marketing approach with major project order dispatches helped achieve higher sales. Augmenting resources with international offices helped spread market reach. The initiatives in Africa showed good results with orders received from Mechanical and Electrical Division (MED) Egypt and Honeywell for their project located at Ghana.

The company took part in Latin America Mine Water Conference in Peru. A Memorandum of Understanding (MoU) with the National Water Authority of Peru ("ANA") was signed to help them in the management of their water resources.



Latin America Mine Water Conference in Peru

Sustainability and Growth Initiative

Kirloskar Brothers believes in sustainable development. It has established a sustainability management framework which focuses on key aspects of economic, environmental and social sustainability. The organization reports its sustainability performance in its

Annual Sustainability Reports which are based on internationally accepted guidelines of Global Reporting Initiative (GRI). The report covers performance of the manufacturing plants and corporate office "Yamuna". The report was upgraded and made compliant as per the G4 sustainability reporting guidelines of GRI.

We monitor our environmental impact through measurement of use of resources such as energy, water and materials. KBL factories utilize renewable energy like wind power. 28.5% of Kirloskarvadi factory's electrical energy requirement was met using wind energy source. While 27.7% of electrical energy used at Dewas plant was from wind energy.

In order to enhance environmental performance, some of our manufacturing plants participated in Green Ratings for Companies (GreenCo) rating system of Confederation of Indian Industry (CII). Our Kaniyur, Dewas and Sanand plants were awarded the silver rating. KBL is the first pump manufacturing company in India to receive the award.

Safety is of prime importance to us. In addition to certifications like Occupational Health and Safety Assessment Series (OHSAS 18001), training programs are organized regularly for employees at manufacturing plants, project sites and offices. Safety week is organized to create awareness amongst employees and provide platform for the employees to share knowledge and best practices pertaining to safety aspects. Safety score card is reviewed periodically to ensure continual improvement in safety performance. As a commitment to provide a fair and humane environment to all stakeholders, KBL adopted the deployment of practices as per the SA 8000 guidelines and abide by the International Standards and applicable labour laws.

As part of the Integrated Reporting movement at global level, KBL believes that a sustainable organization creates sustainable value for the six forms of capital (Financial, Human, Manufactured, Intellectual, Natural and Social). KBL released its first Integrated Report in 2014 based on the International Integrated Reporting framework.

Kirloskar group companies participate in Energy Conservation (ENCON) competition every year to

continually reduce their specific energy consumption. Current year marks 25th silver jubilee year of the Energy Conservation awards. KBL reviews its energy performance and has been recognized for achievements in energy conservation at the ENCON competition. The award for ENCON in large category was won by Dewas and 2nd runner up position in same category went to Kirloskarvadi factory. The award for ENCON in small category was won by our Kaniyur factory. Dewas plant also won an award for the most innovative ENCON project.

Risks and Concerns

The Company undertakes the activity of reassessing risks of critical importance which were identified in the previous year. The Risk Management Committee met 6 times during the year to discuss the prioritized risks and mitigation actions were put in place by identified Risk Owners and their teams. All these risks have clearly outlined root causes, actions plans and key performance indicators. A workshop was conducted with the help of an external agency where all senior leaders participated to assess the revised scores of the identified risks based on the mitigation actions taken. Some risks witnessed a reduction in their scores indicating that the mitigation actions were yielding results as perceived by the senior leaders. In addition, it was also debated in the workshop, whether any additional risks have come up, which need to be worked upon and 2 such risks were added for mitigation.

Water Resource Management

The Government has earmarked ₹13100 crores for developing watersheds, building pumping stations and wastewater treatment plants to clean the river Ganga. The government will also spend ₹3600 crores to improve drinking supplies for about 20,000 villages and small towns affected by arsenic and fluoride contamination. Water and Wastewater project segment has been a stable business on account of the planned Government spending. At the same time, KBL is selective with respect to participation in tenders. KBL took the initiative of creating awareness about energy savings amongst the customers. Energy Audits were carried out in the states of Maharashtra and Gujarat. Solutions and suggestions were well received by the customers.

Water Resource Management took measures to boost its international presence. The sector was successful in securing order for large concrete volute pumps from Department of Drainage and Sewerage, Bangkok Metropolitan Administration (BMA), Thailand for storm water application. Water Resource Management sector successfully closed 9 projects during the year.



Kolkata Metropolitan Development Authority Dum Dum Project with 130 Million Litres per Day Capacity

Irrigation

The Irrigation sector continued with its strategy of selective participation in projects and tenders. The sector was instrumental in closing several projects by its proactive approach towards solving site related issues. Several projects of Lift irrigation were closed and handed over to the customer. Rural electrification project of the NTPC Raigarh was commissioned. The system based approach of checks pertaining to bidding of projects yielded good results. Project risks were identified through risk assessment process. Actions to mitigate identified risks were taken so as to complete projects within the time and cost budgets.

Another landmark was the indigenous development of Francis turbine pump for the Udaysamudram Lift Irrigation Scheme. The largest horizontal split case pump for GUNISIK irrigation project in Turkey reflects our capability to design and develop customized solutions for customers across the world. Irrigation sector successfully closed 5 projects in the year 2014-15.



Laos Irrigation Project on Mekong River, Lao PDR

Power

Power industry may witness a recovery because of government initiatives in the mining industry and plans to revive the ailing and bankrupt electricity distribution companies. However, the business models of power distribution companies need to be robust so as to make them cash positive. Announcement of 5 Ultra Mega Power projects may provide impetus to the industry but not in the current year.

The Government's thrust on nuclear power generation was evident in the announcement of new projects. KBL installed the primary and secondary heat transfer pumps handling liquid sodium at country's first 500 MW Prototype Fast Breeder Reactor at Kalpakkam, Tamil Nadu.

Addition of 5000 MW to small hydro generating capacity in the coming five years is being planned. Government is planning to address the cost and regulatory issues through the National Mission on Small Hydro. Our Company is well positioned to tap the upcoming opportunities.

Kirloskar Brothers is participating in the innovative project of International Thermonuclear Experimental Reactor (ITER). ITER is an international nuclear fusion research and engineering project, which is currently building the world's largest experimental "Tokamak" nuclear fusion reactor in Cadarache, France. The project's goal is to make the transition from experimental studies of plasma physics to full-scale electricity producing fusion power plants.

Power sector successfully closed 17 projects



Pumping System for CalikEnerji's 230 MW Gardabani Combined Cycle Power Plant at Georgia

Industry

Industrial growth remained subdued due to weak global demand, feeble supply linkages, high import costs and sluggish investment activities. The slowdown was reflected in all segments of the economy but manufacturing industries suffered the most. Industries were affected due to policy uncertainties which resulted in contraction of output particularly in steel and mining. However, initiatives taken by the government for streamlining coal production with respect to Coal India Limited (CIL) and private players active in the industry provided impetus in mining projects across the industry. Industry sector continue to approach process industry with product combinations for business. KBL adopted innovative technology offerings such as Smart Pumping System to create new market space.

The company has been targeting global Engineering Procurement and Construction companies in the international market. The interface with customers facilitated in creation of relationships and better understanding of customer preferences and demands. In short, while being cautiously optimistic, the sector is using time to prepare for the upturn.



The new i-CAN series of pumps

Gas, Oil and Defence

KBL consolidated its position in the domestic market for supply of cooling water pumps and fire-fighting pumps and received break through orders from the international market. KBL will supply some very large split case and vertical turbine pumps for the ethylene plant being built by Linde in Baytown, USA. We also received orders from Air Liquide for Underwriters Laboratories (UL) listed fire-fighting pumps for the GASAL project of the Qatar Petroleum. Technicas Reunidas Integrated Gas, Spain placed orders for fire-fighting pump sets for Jazan Integrated Gas combined cycle utility of the Saudi Aramco Oil Company. The company secured its first order of water mist firefighting system for a land based Defence project. The oil and gas market may get adversely affected in the coming year because of fall in oil prices worldwide.

Building and Construction

Investments in the infrastructure projects like metro rail and mixed used project development will provide opportunities for business growth. KBL continues to be the leader in the Indian fire market. We successfully promoted Factory Mutual certified and Underwriters Laboratories (FM/UL) listed fire pumps. We differentiated ourselves from other players in the market by offering energy efficient and sustainable space saving products. Value added products contributed 45 percent to the overall fire business.

The Building and Construction sector promoted the concept of containerized pump set which comprises pump coupled with prime mover, valve and accessories. The system is portable wherein customer

needs to take care of inlet and discharge only. The plug and play feature is a boon for institutions and industries.



KBL's Hydro-Pneumatic System

Distribution

KBL offers customers the best in class products which employ the latest technology and innovations. Pump manufacturers utilize different channels to reach consumers. KBL recognizes the role of retailers as primary influencers of its products, especially the domestic range. With the objective of strengthening its secondary sales network, KBL has created and nurtures a network of more than 1000 Dealers, 15000 retailers and 450 Authorized Service centers serving close to a million customers across the country.

We are committed to deliver an attractive blend of profitability, stability and sustainable growth with a high degree of customer satisfaction. It is with this view that plans are afoot to invest in the next two years to build attractive Customer Engagement Programs for mass distribution of products. Actions were taken under

digital marketing initiative. Kirloskar pumps are now available on e-commerce websites and can be purchased online.



CHHOTU Pump

Customer Service and Spares

Customer Service and Spares strategy of addressing the customer needs proactively bore rich dividends. Channel partners were delegated responsibility of planning marketing campaigns in their geographies under the guidance and support of KBL. The sector focusses on refurbishment and retrofit business for all make of large imported pumps to help country save the precious foreign exchange and huge expenditure for customers. The initiative includes life extension of pump sets wherein the overhauling of entire system is done in order to bring back its original efficiency and life. The complaint resolution index improved from 81% to 83% on the back of service oriented organization, coordination with channel partners and usage of information technology enabled processes.



Spares warehouse at Kirloskarvadi

FACTORIES

Kirloskarvadi

Kirloskarvadi factory initiated measures in order to make its products usable, durable aesthetically appealing and socially responsible. The Lowest Life Cycle Cost (LLC™) Series Pumps designed by KBL achieved the India Design Mark 2015 from India Design Council, Government of India.

The i-Mission program for innovation continued with the launch of i-NS and i-CAN series of Pumps. The large Horizontal Split-case Pump for Linde, Germany and Gunisik, Turkey requirements were developed. Testing facilities with positive suction for Large Split-case pumps to measure flow at 25000m³/hr were established. The development and manufacturing of large 16 Megawatt Francis Turbine Pump with movable guide vanes for Udaysamudram Lift Irrigation Scheme was completed. A water jet pump for marine applications was developed indigenously.

The Management systems at Kirloskarvadi plant are certified to ISO: 9001, ISO:14001 and OHSAS:18001. This year the factory received integrated Environmental, Health and Safety (EHS) Certificate. The social accountability practices as per SA 8000 standard and certification audit is completed. KBL Kirloskarvadi Plant received the National Energy Management Award "Excellent Energy Efficient Unit" 2014 from Confederation of Indian Industry (CII) 2014 and 2nd Runner-up Award of Kirloskar Group for ENCON initiative.

Dewas

Dewas factory received the Confederation of Indian Industry (CII) GreenCo "Silver" rating to become the first pump manufacturing factory in India to get such certification. Small pump business group received "Significant Achievement Award" in CII Business Excellence assessment. The plant received Total Cost Management (TCM) level 4 in CII Total Cost Maturity assessment. Dewas plant won the "Gold Award" for safety from Greentech Foundation and was winner in Manufacturing Today safety competition.

Kaniyur

Kaniyur factory initiated measures to enhance existing range with new products that employ latest technology and innovations. The actions benefit channel partners and customers with a range of pumps which meet the criteria of price, efficiency, durability and performance. KBL launched new products to address bottom of pyramid requirements while providing reliable performance.

Sanand

Sanand factory improved its manufacturing processes to become lean, green and productive. The plant introduced supplier quality process improvement initiative for all suppliers to meet needs and expectations of customer. 92 pump models manufactured at Sanand are "STAR Rated" under Bureau of Energy Efficiency scheme. Sanand operations received the National Award for Excellence in Energy Management 2014 from CII. In addition, the Silver GreenCo rating was awarded to this factory by CII.



KBL's Submersible Pump

Kondhapuri

Kondhapuri took steps for capability building based on the principles of lean manufacturing. New Test Rigs for

various valve types were commissioned with a capacity of 600 tons and 85 tons. A portable type Coordinate measuring facility (CMM) with 3.5 meter arm length installed for accurate measurement of components and verifying geometrical parameters. The largest Sluice Valve manufactured by KBL of size 1800 millimetre (mm) was designed, manufactured and supplied to the customer.



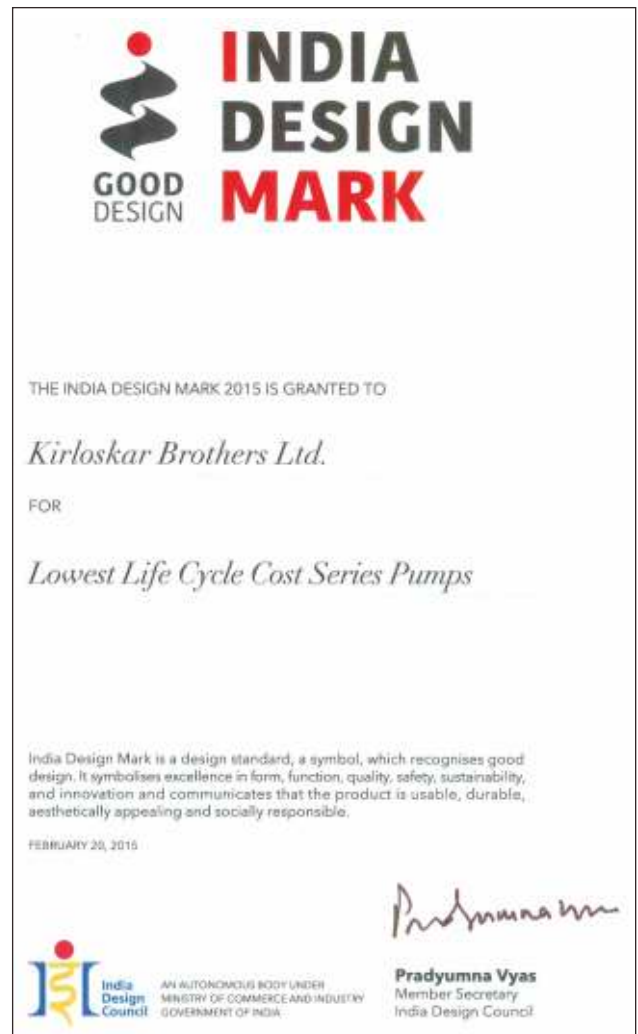
Largest Sluice Valve of size 1800mm for Kolkata Municipal Corporation

Research, Engineering and Development

New areas in pump design along with development of special products for high pressure and high temperature applications were explored. Design and development activity of Shut Down Cooling Pump for nuclear application was the hallmark of the year.

A new range of pumps were developed to comply with the Minimum Efficiency Index (MEI) norms. Efforts are being made to develop sustainable and energy efficient products which meet European Union's energy-related

guidelines. Dual Plate Check valves of various sizes were developed to satisfy the needs of water sector. A new 10 kW Pump as Turbine (PaT) project was executed and commissioned in Gavi, Kerala.



India Design Mark Certificate awarded by India Design Council for KBL's Lowest Life Cycle Cost (LLC™) Series Pumps

Global Marketing

Marketing department promoted Kirloskar Brothers as a trusted solutions provider offering sustainable pumping solutions globally. Brand promotion was done by adopting the strategy of using appropriate media vehicles to enhance visibility through increased usage of Web, e-marketing tools and public relations exercise. Actions were taken to ensure compliance towards Corporate Identity Manual to convey uniform brand image of the company. On similar lines, Network Identity Manual is meant for business partners. Cascade has

been transformed into a marketing communication tool with "Customer First" approach.

KBL participated in exhibitions in Chennai, Mumbai, Delhi, Guwahati and Bangalore. The events showcased company's innovative, differentiated and sustainable products like i-NS , i-CAN to name a few. Technical Seminars series were organized to communicate and interact with customers at places like Delhi, Bangalore, Vishakhapatnam, Kolkata, Dehradun, Chandigarh, Ahmedabad, Mumbai, Pune, Chennai, and Hyderabad. The theme was to create awareness about energy efficient and innovative products and services.

Financial Performance

- Revenue from operations is ₹ 1,626 Crores as against ₹ 1,760 Crores in previous year, a fall of 8%
- Product sector sales have risen by 12%, but Project sector sales have dropped by 34%. Drop in Project Sector sales is attributable to continued market sluggishness and liquidity problems. Further, KBL was selective in taking Project Orders, although there were several tenders floated, many of them were with unfavourable payment terms, where KBL chose not to participate
- KBL continued with the policy of dispatch only against recovery of money for projects business
- Composite material cost as percent to sales has decreased to 65.2% from 67.3% in previous year
- Total expenditure including depreciation is ₹ 517 Crores as against ₹ 469 Crores in previous year. The increase includes the effect of reinstatement of depreciation based on new useful life prescribed by the new Company Law, higher provisioning for accounts receivable, consequent to change in Policy and expenses on Strategy Planning
- Total finance cost including bank charges is ₹ 41 Crores as against the same amount of ₹ 41 Crores in previous year.
- For the year 2014-15, profit before tax (PBT) is ₹ 6 Crores as against PBT of ₹ 70 Crores in Financial

Year 2013-14. This is mainly due to the drop of 8% in revenue and the effect of depreciation, provisions and strategy planning expenses as stated earlier

- The Gross Current Assets and Gross Current Liabilities have shown a marginal reduction over the FY 2013-14 figures. However our endeavor at improving the quality of the Balance Sheet continues
- Borrowings are at ₹ 238 crores as against ₹ 224 crores in FY 2013-14 mainly due to term loan of ₹ 35 crores for capital expenditure and pressure on working capital throughout the year due to liquidity issues in the market leading to lower recovery.

Human Resource

Competency mapping exercise using different tools and processes namely the 360 degree feedback, assessment centre, talent acquisition and development provided an objective understanding of the organization's strengths and opportunities. The understanding helped in creating development opportunities for employees and accordingly organization level Depth Charting was done to define three level successors across the organization for critical positions. 9 Block analysis on Potential and Performance parameters was done for all key position holders and their potential successors. Functional evaluation was carried out for different functions.

KBL Values and Ethics are continuously reinforced amongst employees through regular workshops and online self-certification test. The Internal Complaint Committee as per The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013 has been constituted for all locations. Subsequently, workshops were conducted at all locations. On the basis of Employee Engagement Survey (EES) conducted through AON Hewitt, where KBL was classified in the "Best Employer" category with score of 73 percent, cross functional teams were constituted to work on the improvement areas. The continuous effort of engaging with our employees enabled the company to maintain overall attrition at healthy level of 7.5 %. The industrial relations scenario

remained harmonious and peaceful at all manufacturing locations. Long term settlement with Union of Dewas manufacturing unit and The Kolhapur Steel Limited was concluded. The Corporate Social Responsibility (CSR) initiatives addressed key community needs of education and health in the communities surrounding company's operations and offices. KBL employees volunteered for Corporate Social Responsibility activities and devoted an average of 3.3 man days per employee during the year in societal work. The actions include career guidance to students, WASH (Water, Sanitation and Hygiene), prenatal courses, women health check-up, medical care facility for the society, distribution of school aids to children including physically challenged ones and tree plantations.

Awards and Accolades

- India's Most Ethical Company in the Industrial Manufacturing award by World CSR Congress 2014
- Coimbatore plant received the Best Employer Brand Award towards Women Talent Management at the fifth Asia Employer Brand Awards 2014 held in Singapore
- Best Overall CSR Practices 2015, World CSR Congress



Dr. A.P.J. Abdul Kalam speaking at KBL Headquarters on his vision for India and Innovation

Internal Control Systems

Internal Audit Charter of the company specifies the mission, scope of work, independence, accountability, responsibility and authority of Internal Audit Department. Internal audits are regularly carried out as

per the approved audit calendar and an Audit program and Risk Control Matrix are prepared for all the audits conducted during the year. Audits are conducted to examine the efficiency and effectiveness of the internal controls. For this purpose, the company continued the practice of appointing professional firms of chartered accountants.

Internal audit reports are presented to executive committee of the management consisting of Chairman and whole time Director. Significant audit observations and follow up actions thereon are reported to the Audit Committee. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations. Corporate internal audit department monitors implementation status of internal audit recommendation through web based tool (Issue tracking System). Corporate Internal Audit Department initiated the automation of Continuous Monitoring checks for repetitive issues across all plants.

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 and incidental factors.

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 consistently the high standard of Corporate Governance in all facets of the Company's operations.

2. Board of Directors :

As on March 31, 2015, there were nine directors on the Board, comprising of a Managing Director and a Whole Time Director, each and seven (78%) non-executive directors of whom four (44%) were independent Directors including a woman Director.

On January 24, 2015, Mr. U. V. Rao, an independent Director, passed away.

During the year under review, Mr. Rahul Kirloskar, non-executive Director, resigned with effect from April 22, 2014.

Mr. A. N. Alawani, non-executive Director, resigned with effect from April 23, 2015.

The Board of Directors recommends for approval the appointment of Mr. Kishor A. Chaukar (Additional Director with effect from April 27, 2015) as an Independent Director.

The Board's composition is an optimal complement of independent professionals as well as Company executives having an in-depth knowledge of the business.

During the year under review, six Board meetings were held on the following dates:

April 22, 2014, July 22, 2014, September 25, 2014, October 31, 2014, January 30, 2015 and March 11, 2015.

None of the Directors on the Board holds the office of director, including an alternate directorship if any, in more than 20 companies at the same time. None of the Directors are directors in more than 10 public companies or holding membership of committees of the board in more than 10 committees or Chairmanship of more than 5 committees.

None of the independent Directors are the independent Directors in more than 7 listed companies. None of the Executive Directors of the Company are serving as independent Directors in more than 3 listed companies.

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 C. Kirloskar	CMD (P)	6	Present	7	1/0
Mr. Vikram S. Kirloskar	NED (P)	1	Not Present	15	6/1
Mr. S.N. Inamdar	INED	6	Present	8	2/5
Mr. U.V. Rao#	INED	4	Present	-	-
Mr. P. S. Jawadekar	INED	6	Present	1	1/0
Mr. J. R. Sapre	WTD	6	Present	8	1/0
Mr. A. N. Alawani	NED	5	Present	6	4/4
Mrs. Lalita D. Gupte	INED	5	Not Present	5	5/1
Mr. Pratap B. Shirke	INED	6	Present	12	3/0
Mr. Alok S. Kirloskar	NED (P)	5	Present	6	0/0

Mr. Alok S. Kirloskar is the son of Mr. Sanjay Kirloskar. None of the other directors are related to any other director.

- @ CMD – Chairman and Managing Director, NED – Non Executive Director, INED – Independent Non Executive Director, WTD - Whole Time Director and P – Promoter.
- * Committee Membership of Audit Committee and Stakeholders' Relationship Committee is considered for this purpose.
- # Mr. U. V. Rao ceased to be the director of the Company with effect from January 24, 2015.
- (1) Directorships in Private Limited Companies, Foreign Companies are included in the above table.
- (2) Company while selecting independent directors on the Board, inter-alia, considers his qualification, experience, age and other directorships etc. All the independent directors have provided declaration affirming that they meet the criteria of independence.
- (3) All the relevant information suggested under Annexure X of the revised Clause 49 of the Listing Agreement is furnished to the Board from time to time.

The Company has introduced a Code of Conduct for Directors and members of Senior Management effective from April 1, 2005. The Code was revised with effect from October 1, 2014 incorporating duties of independent directors as laid down under Companies Act, 2013. It has been uploaded on the Company's website, www.kirloskarpumps.com. 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.

The members of the Board have made the required disclosures to the Board regarding their direct or indirect concerns or interests in any contract or transaction with the Company.

3. **Audit and Finance Committee :**

The Audit and Finance Committee was constituted in July, 2000. The present committee's constitution is complying with the requirements under Clause 49 of the Listing Agreement read with Section 177 of the Companies Act, 2013.

Mr. S. N. Inamdar - Chairman, Mr. P. S. Jawadekar, Mr. Pratap B. Shirke and Mrs. Lalita D. Gupte are the Members. Mr. S. N. Inamdar is an Independent Non-Executive Director. Mr. U. V. Rao was a member of the committee. Mrs. Lalita D. Gupte was co-opted as a member with effect from March 11, 2015. The committee fulfils the requirements under the Clause 49 of the Listing Agreement.

The terms of reference of the Audit and Finance committee include the matters specified in Clause 49 (III) 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 for appointment, remuneration and terms of appointment of auditors of the Company;
- Approving payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing with the management, the annual Financial Statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (c) of Sub-section 3 of Section 134 of the Companies Act, 2013
 - b. Changes, if any, in the accounting policies & practices and reasons for the same
 - c. Major accounting entries involving estimates based on exercise of judgement by management
 - d. Significant adjustments made in the Financial Statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to Financial Statements

- f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
 - Reviewing, with the management, the quarterly Financial Statements before submission to the board for approval;
 - Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
 - Review and monitor the auditor's independence and performance and effectiveness of audit process;
 - Approval or any subsequent modification of transactions of the Company with related parties;
 - Scrutiny of inter-corporate loans and investments;
 - Valuation of undertakings or assets of the Company, wherever it is necessary;
 - Evaluation of internal financial controls and risk management systems;
 - Reviewing, with management, performance of statutory and internal auditors, adequacy of internal control systems;
 - Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 - Discussion with internal auditors of any significant findings and follow up 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;
 - To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 - To review the functioning of the Whistle Blower mechanism;
 - Approval of appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
 - Carrying out any other function as is mentioned in the terms of reference of the committee by the Board and to carry out investigation in relation to items specified above.
- B)
- Power to investigate any activity within its terms of reference;
 - Power to seek information from any employee;
 - Power to obtain outside legal other professional advice;
 - Power to secure attendance of outsiders with relevant expertise, if considered necessary.

During the year, five Audit and Finance Committee meetings were held on April 22, 2014, June 6, 2014, July 22, 2014, October 31, 2014 and January 30, 2015.

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*	4
Mr. P. S. Jawadekar	5	Mr. Pratap B. Shirke	4
Mrs. Lalita D. Gupte**	0		

* till January 24, 2015

** with effect from March 11, 2015

4. Nomination and Remuneration Committee :

The Remuneration Committee was constituted in the year 1999. The nomenclature of the committee was changed as Nomination and Remuneration Committee on April 22, 2014. The Compensation Committee of the Board was merged with this committee with effect from September 25, 2014.

The terms of reference of the committee are as follows:

- Regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes;
- To identify and nominate for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- To evaluate the balance of skills, knowledge, experience and diversity of the person to be appointed on the Board and in the light of this evaluation prepare a description of the role and capabilities for a particular appointment;
- To make recommendations to the Board concerning suitable candidates for the role of senior independent Director;
- To formulate policy relating to the remuneration of the Directors and Key Managerial Personnel;
- To exercise its powers to create, offer, issue and allot at any time to or to the benefit of such person(s) in terms of ESOS and regulations, the stock options under the ESOS, in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the law or guidelines issued by the relevant authority;
- To amend the terms of the scheme as may be directed by the Board for the implementation and administration of the scheme;
- To do all such acts as may be authorised by the Board from time to time.

Mr. P. S. Jawadekar - Chairman, Mr. S. N. Inamdar, Mr. A. N. Alawani and Mrs. Lalita D. Gupte are the member of the said committee.

During the year, three Nomination and Remuneration Committee meetings were held on April 22, 2014, September 25, 2014 and January 30, 2015.

Attendance at the meetings :

Member's Name	No. of Meetings attended	Member's Name	No. of Meetings attended
Mr. P. S. Jawadekar	3	Mr. S. N. Inamdar	3
Mr. A. N. Alawani	3	Mrs. Lalita D. Gupte*	2

* Mrs. Lalita D. Gupte was co-opted as a member of the committee with effect from April 22, 2014

Remuneration to Directors:

Remuneration policy has been formulated for the directors, key managerial personnel (KMP) and senior managerial personal. The major objectives of the policies are transparent process of determining remuneration

at Board and Senior Management level of the Company to strengthen the confidence of the stakeholders in the Company, and its management, help in creation of long term value for them and appropriate balance between the elements comprising the remuneration so as to attract potential high performing candidates for critical position in the Company for attaining continual growth in business. The revisions in the remunerations of the KMP and senior management personnel will be made as per the terms of the policy.

- The payments made to Executive Directors have been reviewed by the Nomination and Remuneration Committee from time to time and confirmed by the Board of Directors.
- The Board has revised the sitting fees payable to the Non-Executive Directors for attending Board and committee meetings to ₹ 75,000/- for every meeting of the Board and committee with effect from April 22, 2014.
- There are no pecuniary relationships or transactions of the Non-Executive Directors vis-a-vis the Company.
- All elements of remuneration package and other details for all Directors have been provided in the statement hereinafter.
- The remuneration policy of the Directors, KMP and Senior Management has been included in the Annual Report elsewhere.
- Except whatever is stated in the statement, there is no other fixed component or performance linked incentives to any director.

During the year, under the Employees' "Share a Vision" – Stock Option Scheme, 2007 (ESOS-2007), 20,000 options were granted to Mr. J. R. Sapre – Whole Time Director, as a part of the commission over and above the amount paid for the year 2013-14.

During the year, the Board of directors has allotted 16,725 equity shares of ₹ 2/- each to Mr. J. R. Sapre – Whole Time Director on July 22, 2015, at an exercise price of ₹ 2/- per share against the conversion of 16,725 options granted to him as a part of commission for the year 2012-13.

Details of remuneration paid to Directors for the year 2014–15 are as follows:

Name of Director	Sitting Fees	Commission on Profits	Salary	Contribution to Statutory Funds	Perquisites	Others	Total
Executive Directors							
Mr. Sanjay Kirloskar	-	-	6,480,000	1,749,600	3,516,847	-	11,746,447
Mr. J. R. Sapre	-	-	4,200,000	972,000	5,354,840#	-	10,526,840
Non-Executive Directors							
Mr. Vikram Kirloskar	75,000	-	-	-	-	-	75,000
Mr. S. N. Inamdar	1,200,000	-	-	-	-	1,000,000	2,200,000
Mr. U. V. Rao *	600,000	-	-	-	-	-	600,000
Mr. P. S. Jawadekar	1,200,000	-	-	-	-	-	1,200,000
Mr. A. N. Alawani	750,000	-	-	-	-	-	750,000
Mrs. Lalita D. Gupte	525,000	-	-	-	-	-	525,000
Mr. Pratap B. Shirke	750,000	-	-	-	-	-	750,000
Mr. Alok S. Kirloskar	375,000	-	-	-	-	-	375,000

* Till January 24, 2015

This includes ₹ 4,877,010 as perquisite valuation on account of allotment of 16,725 equity shares granted as part of commission for the year 2012-13

Directors' Service Contracts' Details :

Executive Directors	Service Contract and Period	Severance Fees
Mr. Sanjay Kirloskar	Agreement dt.23.07.11 :: Period: 19.11.10 to 18.11.15	**
Mr. J. R. Sapre	Agreement dt.18.07.12 :: Period: 01.06.12 to 31.05.15	Nil

** Three years or unexpired period, whichever is less

Statement showing number of Equity Shares of ₹ 2/- each of the Company, held by the present Non-Executive Directors as on March 31, 2015:

Non- Executive Directors	No. of Shares	% of Paid up Capital
Mr. S. N. Inamdar	32,816	0.04
Mr. Vikram S. Kirloskar	70,236	0.09
Mr. U. V. Rao	0	-
Mr. P. S. Jawadekar	6,000	0.01
Mr. A. N. Alawani	7,500	0.01
Mrs. Lalita D. Gupte	0	-
Mr. Pratap B. Shirke	20,000	0.03
Mr. Alok S. Kirloskar	6,187	0.01

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

Mr. Alok S. Kirloskar is a Non-Executive Director on the Board of Kirloskar Brothers Limited, appointed as an additional Director with effect from July 18, 2012. He has done his Bachelor of Science in Business Administration with concentration in Finance from Carnegie Mellon University, Pittsburgh, PA, USA. He had the honour to be on the Dean's list for his academic excellence throughout the course.

Mr. Alok Kirloskar was with the organization from September, 2007 till February, 2012. During his tenure with the Company, Mr. Alok Kirloskar was first entrusted with responsibilities of Corporate Marketing Division and he acquainted himself with the functioning of various departments/sectors. Later, he was the head of the Industry sector of the Company.

Before joining the Company, he has worked with Sonasoft Corporation (Microsoft GPC) at San Jose, California, USA as Business Development Manager. He had also interned at NASA Girvan Institute of Technology, Santa Clara, USA and Toyota Motor Corporation, Torrance, USA in the summers of 2003 and 2004.

Mr. Alok S. Kirloskar is presently working as Managing Director of SPP Pumps Limited, United Kingdom, Company's step down subsidiary company and he is also on the Board of Kirloskar Brothers International BV, and few other step- down subsidiaries.

Other Committee positions: NIL

He holds 6,187 (0.01%) equity shares of ₹ 2/- each of the Company. He is not related to any other director of the Company except Mr. Sanjay Kirloskar.

6. Stakeholders' Relationship Committee :

Shareholders'/Investors' Grievance Committee was renamed as 'Stakeholders' Relationship Committee' with effect from January 31, 2015 which:

- Looks into the redressal of shareholders' and investors' complaints relating to transfer/transmission of shares, non-receipt of Annual Reports, non-receipt of declared dividends;
- Considers and resolves the grievances of security holders of the Company;
- Approves transmission of shares held in physical mode beyond threshold limit of 1500 shares of ₹ 2/- each without the succession certificate, probate, letter of administration or Court Decree, subject to fulfilment of other conditions as may be deemed necessary;
- Approves transfer of more than 10,000 shares held under a single folio in physical mode;
- To issue the duplicate share certificates be issued under the Common Seal of the Company in terms of the requirements of the Companies (Share Capital and Debenture) Rules, 2014.

Committee members as on March 31, 2015 were Mr. A. N. Alawani, Mr. Sanjay Kirloskar and Mr. J. R. Sapre. Mr. A. N. Alawani, a Non-Executive Director was the Chairman of the committee. Mr. J. R. Sapre, Whole Time Director, was co-opted as a member of the committee with effect from July 22, 2014.

During the year under the report, committee met three times on July 22, 2014, August 25, 2014 and March 11, 2015.

Attendance at Investors' Grievance committee meetings:

Member's Name	No. of Meetings attended
Mr. A. N. Alawani	2
Mr. Sanjay C. Kirloskar	3
Mr. J. R. Sapre	2

The Company has always valued its relationship with its stakeholders. This policy has been extended to investor relationship. The 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. Sandeep A. Phadnis, Company Secretary,
Associate Vice President and Head – Corp. Secretarial and Legal

No. of Shareholders' complaints received:

There were no complaints/share transfers outstanding/pending as on March 31, 2015.

With reference to Clause 47(f) of the Listing Agreement, Company has designated an exclusive e-mail ID as 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.

7. General Body Meetings :

Details of last three Annual General Meetings held :

i) 92 nd Annual General Meeting	July 18, 2012 : 11.00 A. M. Yamuna, Survey No.98(3-7), Baner, Pune - 411 045
Special resolutions passed: For approval of shareholders for re-appointment of Mr. Jayant R. Sapre as a whole time director with effect from June 1, 2012 for a period of three years with other terms and conditions for his appointment.	
ii) 93 rd Annual General Meeting	July 24, 2013 : 11.00 A. M. Yamuna, Survey No.98(3-7), Baner, Pune - 411 045
Special resolutions passed: No special resolution was passed at this meeting.	
iii) 94 th Annual General Meeting	September 25, 2014: 11.00 A.M. Yamuna, Survey No.98(3-7), Baner, Pune - 411 045
Special resolutions passed: <ul style="list-style-type: none"> For approval of shareholders for inclusion of new clauses viz. 15(c) and 55(7) in the existing Articles of Association of the Company. For approval of shareholders for authority to Board of Directors to borrow upto ₹ 2500 Crores and creation of charge on assets of the Company upto same amount. 	

No special resolution was passed in the previous general body meetings through postal ballot.

8. Disclosures :

- i. There are no materially significant transactions made by the Company with its promoters, directors or the management, their subsidiaries or relatives etc. any related parties which have potential conflict with the interest of the Company at large.
- ii. There are no non-compliance by the Company, no 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.

iii. a. Whistle Blower Policy :

The Company has already in place and implemented a Whistle Blower Policy ("the Policy"). This 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. Thus, any employee/stakeholder have an 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 and through training programmes from time to time. The policy has also been uploaded on the Company's website.

b. Policy for prevention of sexual harassment at work:

The Company has also in place and implemented a policy for prevention of sexual harassment at work. This provides 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 been provided.

Disclosure under the "Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013":

In terms of Section 22 of the above mentioned Act, read with Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Rule, 2013, during the year ended on March 31, 2015, we report as follows:

1. No. of Complaints received in the year: Nil
2. No. of complaints disposed off in the year: Nil
3. Cases pending for more than 90 days: Nil
4. No. of workshops and awareness programmes conducted in the year: 75
5. Nature of action by employer or District Officer, if any: NA
- c. Code of Ethics:

The Company released its "Code of Ethics" on December 7, 2009. This is one of the most 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:

i. **Non-Mandatory requirements:**

1. The Board:
The Company has an Executive Chairman and the office with required facilities is provided and maintained at the Company's expenses for use by the Chairman.
2. Shareholders' Rights:
The half-yearly financial results are published in the English and Vernacular newspapers and are also displayed on the Company's website. No separate circulation of the financial performance was sent to shareholders for the year under consideration.
3. Audit qualifications:
The Company is already in the regime of unqualified financial statements.
4. Separate posts of Chairman and CEO
There is no separate post for CEO. The Chairman of the Company is also a Managing Director of the Company.
5. Reporting of Internal Auditor
The Internal Auditor's reports are presented to the Audit Committee.

In order to achieve excellence in the Corporate Governance, certain additional disclosures have been given elsewhere in the Annual Report viz. Top ten shareholders, Change in Equity Capital during the financial year. Further, the Board has adopted certain policies viz. Code of Corporate Governance, Corporate Disclosure Policy, Dividend policy and Policy for placing Action Taken Report/Implementation Report at the Board Meeting.

ii. **Means of Communication :**

Quarterly results are displayed on the Company's website 'www.kirloskarpumps.com' shortly after its submission to the Stock Exchanges. The Company's website also displays official news releases.

The quarterly results are generally published in the newspapers viz. Business Standard and Loksatta (Q1)/Maharashtra Times.

Presentations made to analysts are uploaded on the Company's website.

iii. **General Shareholders information :**

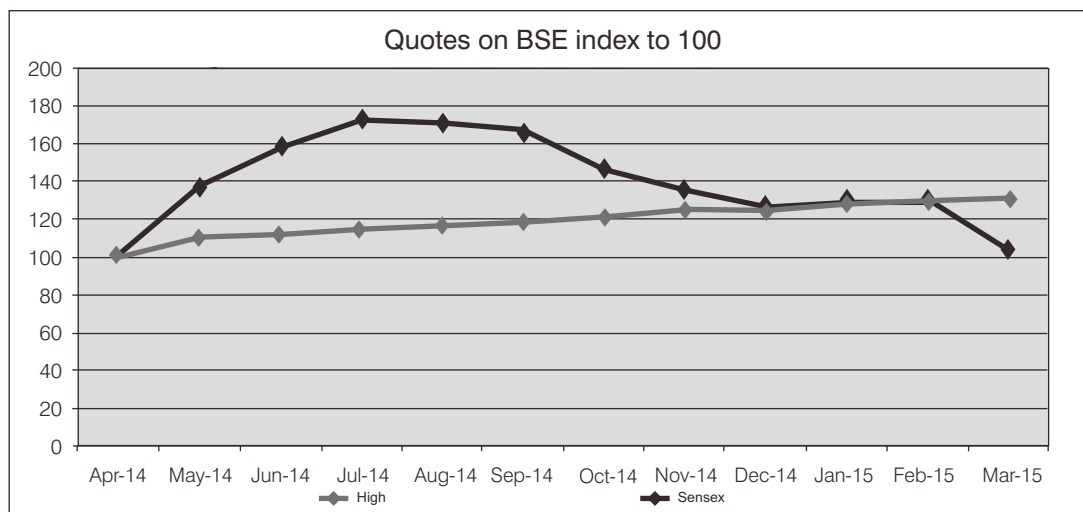
95th Annual General Meeting

Day & Date	: Monday, July 27, 2015
Time	: 11.00 A.M.
Venue	: "Yamuna" Survey No.98 (3-7) Baner, Pune – 411 045
Financial Year	: 1 st April to 31 st March
Date of book closure	: Monday, July 20, 2015
Dividend payment date	: On or before August 26, 2015, subject to Shareholders' approval
Listing on Stock Exchanges	: The Company's equity shares are listed on BSE Limited and National Stock Exchange of India Limited, Mumbai.
Corporate Identification No. (CIN)	: L29113PN1920PLC000670
Stock codes/Symbol	: BSE Limited – 500241 National Stock Exchange of India Limited – KIRLOSBROS –EQ ISIN - INE732A01036

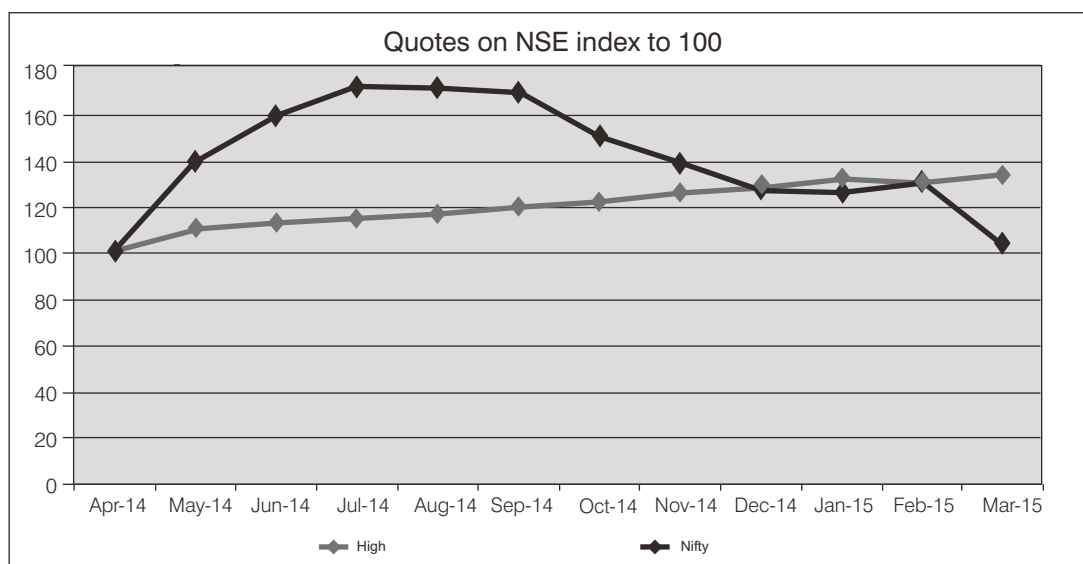
Market Price data:

Month	Quotations on BSE		Quotations on NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2014	191.55	162.00	192.60	160.70
May 2014	264.90	186.40	267.00	185.00
June 2014	303.00	220.00	303.95	221.30
July 2014	330.00	263.00	328.00	261.25
August 2014	326.75	262.05	327.75	264.50
September 2014	324.40	247.80	324.40	247.00
October 2014	278.75	246.00	288.00	246.05
November 2014	259.15	219.00	265.00	217.00
December 2014	243.00	201.60	244.60	201.50
January 2015	244.80	204.00	243.00	204.80
February 2015	249.90	195.00	249.90	190.95
March 2015	200.10	174.10	199.50	171.00

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 has appointed Link Intime India Private Limited as its Registrar and Transfer Agent (R & T Agent). 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, 2nd Floor, Akshay Complex,
Near Ganesh Temple, Off Dhole Patil Road,
Pune – 411 001

Tel. No. (020) 2616 0084 Fax No. (020) 2616 3503

E-mail : pune@linkintime.co.in

Share transfer system:

The authority to approve transfer of shares upto 10,000 shares has been delegated to the Company Secretary. The proposals for transfer of shares above 10,000 shares are placed before the Stakeholders' Relationship

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, 93.31% share capital is held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited as on March 31, 2015.

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 ₹ 2/- each after scheme alongwith general FAQs etc. are uploaded on the Company's website www.kirloskarpumps.com under section Investors - "Information for Shareholders".

Change in Equity Capital during the financial year 2014-15:

The change in the paid-up equity capital of the Company, during the year:

Particulars	No. of shares of ₹ 2/- each	Total share capital (₹)
Issued and Paid-up Equity as on March 31, 2014	79,358,451	158,716,902
Add: Shares allotted	29,725	59,450
Issued and Paid-up Equity as on March 31, 2014	79,388,176	158,776,352

Distribution of Shareholding as on March 31, 2015:

Nominal value of shares (In ₹)		Number of holders	% to total holders	Total face value	% to total face value
From	To			(In ₹)	
1	5000	14627	93.87	9687698	6.10
5001	10000	540	3.47	3749860	2.36
10001	20000	230	1.48	3192978	2.01
20001	30000	55	0.35	1361220	0.86
30001	40000	33	0.21	1168758	0.74
40001	50000	22	0.14	1005570	0.63
50001	100000	33	0.21	2341132	1.47
100001	Above	43	0.27	136269136	85.83
TOTAL		15583	100.00	158776352	100.00

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, Maharashtra Tel No. (02346) 222301 – 05, 222361 – 222365	2.	Dewas Opposite Railway Station, Ujjain Road, Dewas – 455 001 Madhya Pradesh Tel No. (07272) 227302 - 04
3.	Shirwal Gat No. 117, Shindevadi, Tal. Khandala, Dist. Satara – 412 801 Maharashtra Tel No. (02169) 244360 / 244370 / 244322	4.	Kondhapuri Gat No. 252/2 + 254/2, Kondhapuri, Tal. Shirur, Dist. Pune – 412 208 Maharashtra Tel No. (02137) 270217 / 270116 / 270140
5.	Kaniyur Village 324/1, Thattampudur Road, Kaniyur Village Karumathampatti - PO, Coimbatore - 641659 Tamil Nadu Tel No. (0421) 2904699	6.	Sanand Sr. No. 254/1, Ahmedabad-Viramgam Highway, Village Chharodi, Tal. Sanand, Dist. Ahmedabad – 382170 Tel No. (02717) 273310

Investor contacts:

Company Address :	Registrar and Transfer Agent :
Secretarial Department, Kirloskar Brothers Limited, “Yamuna”, Survey No. 98 (3-7) Baner, Pune – 411 045 Tel. No. (020) 27211030 Fax No. (020) 27211136 E-mail : grievance.redressal@kbl.co.in	Link Intime India Private Limited, (Unit: Kirloskar Brothers Limited), Block No. 202, 2 nd Floor, Akshay Complex, Near Ganesh Temple, Off Dhole Patil Road, Pune – 411 001 Tel. No. (020) 26160084 Fax No. (020) 26163503 E-mail : pune@linkintime.co.in

Addresses of stock exchanges :

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 Tel. No. (022) 2272 1233/34 Fax No. (022) 2272 1919	National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G Block Bandra-Kurla Complex, Bandra (East) Mumbai – 400 051 Tel. No. (022) 2659 8100/8114 Fax No. (022) 2659 8120
--	--

Depositories for equity shares :

National Securities Depository Limited Trade World – A Wing, 4 th & 5 th Floor, Kamala Mills Compound, Lower Parel, Mumbai – 400 013 Tel. No. (022) 2499 4200 Fax No. (022) 2497 6351	Central Depository Services (India) Ltd. Phiroze Jeejeebhoy Towers, 17 th Floor, Dalal Street, Fort Mumbai - 400 001 Tel. No. (022) 2272 3333 Fax No. (022) 2272 3199
--	---

Other provisions of Clause 49:

- Criteria for performance evaluation of Directors
As required under Clause 49 of the Listing Agreement and in terms of Companies Act, 2013, Company

has formulated 'Board Evaluation Policy' for evaluating the performance of the Board its committees and individual directors. In terms of the policy, performance evaluation of the directors has been done by each director individually scoring each other director on the basis of guidelines of professional conduct, role, functions and duties performed by him/her which in turn are based on numerous parameters. Criteria include director's level of ethical conduct, objectivity, value addition, participation level, attendance and various other qualitative as well as quantitative parameters which have had impact on the Board process becoming more and more effective.

- Separate meeting of Independent Directors

Independent Directors of the Company met on January 30, 2015 to review and discuss on the matters required under Clause 49 of the Companies Act, 2013.

- Criteria of making payment to Non-Executive Directors

Non-Executive Directors have been paid fixed sitting fees for attending Board/Committee meetings. There has been no payment apart from this to any Non-Executive Director except to Mr. S. N. Inamdar, purely on account of receiving his professional services given to the Company.

- Web links for following on www.kirloskarpumps.com:

- Familiarisation programme of Independent Directors :
<http://www.kirloskarpumps.com/pdf/familiarisation.pdf>
- Policy for determining 'material' subsidiaries : <http://www.kirloskarpumps.com/investors-investor-information-policies.aspx> Policy on dealing with related party transactions :
<http://www.kirloskarpumps.com/investors-investor-information-policies.aspx>

DECLARATION FOR COMPLIANCE WITH CODE OF CONDUCT

To the members of **KIRLOSKAR BROTHERS LIMITED**

Pursuant to Clause 49 II (E) (2) 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. All Board members and senior management personnel have affirmed compliance with the Code of Conduct.

For Kirloskar Brothers Limited



Sanjay C. Kirloskar
Chairman & Managing Director

Pune : April 15, 2015

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 31st March 2015, 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
Firm's Registration No: 101118W

Abhijeet Bhagwat
Partner
Membership No. 136835

Pune : April 27, 2015

Disclosure under Clause 5 All of the Listing Agreement in respect of unclaimed shares

The Securities and Exchange Board of India vide its circular dated December 16, 2010, effected certain amendments to the Equity Listing Agreement. Through new clause 5All certain provisions have been introduced, containing uniform procedure for dealing with unclaimed shares.

In compliance with the procedures, the company initiated action and forwarded two letters to such shareholders requesting them to forward correct addresses to avoid transfer of all such unclaimed shares in to one folio in the name of "Unclaimed Suspense Account", in Demat mode. We have received certain responses from shareholders on said communication and the details are provided hereinafter.

In compliance with present Clause 5All-(h), following details are provided in respect of such unclaimed shares:-

Sr. No.	Particulars	No. of Shareholders	No. of Shares
(i)	Aggregate number of shareholders and the outstanding shares considered to be transferred to the Unclaimed Suspense Account at the beginning (01.04.14 to 31.03.15) of the year 2014 – 15	2555	1326894
(ii)	Number of shareholders who approached the company for transfer of shares from shares considered to be transferred to the Unclaimed Suspense Account during (01.04.14 to 31.03.15) the year 2014 – 15	19	21514
(iii)	Number of shareholders to whom shares were transferred from shares considered to be transferred to the Unclaimed Suspense Account during (01.04.14 to 31.03.15) the year 2014 – 15	19	21514
(iv)	Aggregate number of shareholders and the outstanding shares considered to be transferred to the Unclaimed Suspense Account at the end of the year 2014 – 15 (01.04.2014 to 31.03.2015)	2536	1305380

The further necessary actions, in compliance with clause 5 All, will be taken in due course of time.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KIRLOSKAR BROTHERS LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of KIRLOSKAR BROTHERS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to the matter in Note Part C-26 to the financial statements regarding justification given by the management for non-provision for diminution in the value of its long term investment in The Kolhapur Steel Limited, its subsidiary company. As explained in the note, in the opinion of the management, diminution in the value is temporary in nature for the reasons given therein.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2015, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) The matter described in the Emphasis of Matter para is unlikely to have an adverse effect on the functioning of the Company.
 - (f) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (g) There are no qualifications, reservations or adverse remarks relating to maintenance of accounts and other matters connected therewith.
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note Part C-1 to the financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts – Refer Note Part C-21 to the financial statements. The Company does not have any derivative contracts;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Abhijeet Bhagwat
Partner
Membership No.: 136835

Pune : 27th April, 2015

ANNEXURE

Re: Kirloskar Brothers Limited

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

- (i)
 - (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets are been physically verified by the management at regular intervals based on its programme of verification which is in our opinion is reasonable having regard to the size of the Company and the nature of its assets. During the current year no physical verification of assets was undertaken.
- (ii)
 - (a) Physical verification of inventory has been conducted by the management during the current year. In our opinion, the interval of such verification is reasonable.
 - (b) In our opinion 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. Discrepancies noticed on physical verification were not material and the same have been properly dealt with in the books of account.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act in the current year. The balance of unsecured loan given to its subsidiary company in earlier years is mentioned below.

Name of Party	Opening Balance (₹)	Year End Balance (₹)	Maximum balance (₹)
The Kolhapur Steel Limited	13,214,020/-	13,214,020/-	13,214,020/-

- (a) According to the information and explanations given to us, the terms of the loan agreement do not specify a fixed schedule for the receipt of the principal amount and interest.
 - (b) According to the information and explanations given to us, there is no amount overdue on account of the principal or interest.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit we have not observed any major weaknesses or continuing failure to correct major weaknesses in internal control system.
- (v) According to information and explanations given to us, the Company has not accepted deposits, hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, are not applicable to it. According to information and explanations given to us no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
- (vi) 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 sub-section (1) of section 148 of the Companies Act, 2013 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.

- (vii) (a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of statutory dues were in arrears as at 31st March, 2015, for a period more than six months from the date they became payable.

- (b) According to the information and explanations given to us, dues of income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax or cess which have not been deposited on account of any dispute are mentioned below:

Name of the Statute	Nature of Dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Sales Tax Act of various states	Sales tax	1,732,100/- 90,294,591/- 8,061,546/- 12,180,943/- 35,385,332/- 4,791,506/- 34,429,002/-	2002-03,2003-04 1989-93, 1994-96 & 2004-09 2006-07 & 2008-10 2006-07,2008-09, 2011-2012, 2012-2013 1993-2010 1992-2013 2012-13	Appellate Tribunal High Court Appellate Commissioner Commissioner Assistant Commissioner Appellate Assistant Commissioner Deputy Commissioner (Appeals)
Central Sales Tax Act, 1956	Central Sales Tax	411,716/- 1,310,219/- 14,902,889/-	1993-94 2008-09, 2011-12 2007-08,2009-11	High Court Assistant Commissioner (A) Assistant Commissioner
Finance Act, 1994	Service Tax	84,053,761/- 1,136,792/- 902,518,982/-	2008-09,2011-12 2012-13 2012-13	Appellate Tribunal Commissioner CESTAT
Central Excise Act, 1944	Excise Duty	24,050,737/- 1,125,847/- 503,201/- 808,361/- 144,418/-	2003-04 & 2006-10 2005-06 1995-96 2008-09, 2010-11 1990-91	CESTAT Appellate Tribunal Commissioner Assistant Commissioner Deputy Commissioner
Income tax Act, 1961	Income Tax	328,418,580/-	AY 2008-09,2009-10, 2010-11	Assessing Officer (AO)

- (c) According to the information and explanations given to us, there are no amounts required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.

- (viii) The Company has no accumulated losses at the end of 31st March, 2015. The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank. The Company does not have any debenture holders.
- (x) In our opinion and according to the information and explanations given to us, the terms and conditions of guarantees given by the Company for loans taken by its subsidiary companies from banks and financial institutions are prima facie; not prejudicial to the interests of the Company.

- (xi) According to the information and explanations given to us, term loans availed by the Company were prima facie; applied for the purpose for which the loans were obtained.
- (xii) Based upon the audit procedures performed by us and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

Abhijeet Bhagwat
Partner
Membership No.: 136835

Pune : 27th April, 2015

BALANCE SHEET AS AT MARCH 31, 2015

			₹	
Particulars		Note No.	Figures as at March 31, 2015	Figures as at March 31, 2014
I.	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	A-1	158,776,352	158,716,902
	(b) Reserves and surplus	A-2	7,804,283,918	7,841,921,196
	(c) Money received against share warrants		-	-
			7,963,060,270	8,000,638,098
2	Share application money pending allotment		-	-
3	Non-current liabilities			
	(a) Long-term borrowings	A-3	31,729,996	40,191,329
	(b) Deferred tax liabilities (net)	A-4	-	-
	(c) Other long term liabilities	A-5	1,112,761,763	1,034,597,915
	(d) Long-term provisions	A-6	126,024,567	120,745,185
			1,270,516,326	1,195,534,429
4	Current liabilities			
	(a) Short-term borrowings	A-7	2,341,936,145	2,192,717,741
	(b) Trade payables	C-23	4,050,160,006	3,753,820,239
	(c) Other current liabilities	A-8	3,317,700,053	3,651,726,471
	(d) Short-term provisions	A-9	338,287,272	502,432,979
			10,048,083,476	10,100,697,430
	TOTAL		19,281,660,072	19,296,869,957
II.	ASSETS			
1	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	A-10	3,090,979,251	3,090,486,522
	(ii) Intangible assets	A-10	14,070,523	12,491,599
	(iii) Capital work-in-progress		70,657,137	28,760,330
	(iv) Intangible assets under development		-	4,716,417
	(b) Non-current investments	A-11	2,334,093,770	2,149,447,800
	(c) Deferred tax assets (net)	A-4	109,888,478	30,822,832
	(d) Long-term loans and advances	A-12	1,503,734,427	1,706,268,511
	(e) Other non-current assets	A-13	938,275,211	714,571,452
			8,061,698,797	7,737,565,463
2	Current assets			
	(a) Current investments		-	-
	(b) Inventories	A-14	1,876,565,671	1,320,734,099
	(c) Trade receivables	A-15	3,946,738,979	3,414,414,695
	(d) Cash and bank balances	A-16	142,527,376	209,443,519
	(e) Short-term loans and advances	A-17	1,220,744,271	1,683,262,987
	(f) Other current assets	A-18	4,033,384,978	4,931,449,194
			11,219,961,275	11,559,304,494
	TOTAL		19,281,660,072	19,296,869,957

Notes to accounts

Part- B & C

The notes referred to above and accompanying notes 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 KIRLOSKAR
Chairman & Managing Director
DIN : 00007885

S. N. INAMDAR
Director
DIN : 00025180

ABHIJEET BHAGWAT
Partner

SANDEEP PHADNIS
Company Secretary

UMESH R. SHASTRY
CFO & Vice President (Finance)

Pune : April 27, 2015

Pune : April 27, 2015

PROFIT AND LOSS STATEMENT FOR YEAR ENDED MARCH 31, 2015

			₹	
Particulars		Note No.	2014-15	2013-14
I.	Revenue from operations		17,033,146,958	18,413,119,169
	Less: Excise duty		776,095,470	815,065,984
		A-19	16,257,051,488	17,598,053,185
II.	Other income	A-20	112,714,764	53,149,058
III.	Total Revenue (I + II)		16,369,766,252	17,651,202,243
IV.	Expenses:			
	Cost of materials consumed	A-21	8,063,682,204	7,615,635,689
	Purchases of Stock-in-Trade	C-13	2,841,880,119	3,674,891,521
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	A-21	(434,734,511)	405,433,376
	Employee benefits expense	A-22	1,702,295,394	1,523,749,198
	Finance costs	A-23	413,176,214	408,540,690
	Depreciation and amortization expense		496,764,630	346,169,961
	Other expenses	A-24	3,231,413,118	2,979,235,714
	Total expenses		16,314,477,168	16,953,656,149
V.	Profit before exceptional and extraordinary items and tax (III-IV)		55,289,084	697,546,094
VI.	Exceptional items		-	-
VII.	Profit before extraordinary items and tax (V - VI)		55,289,084	697,546,094
VIII.	Extraordinary Items		-	-
IX.	Profit before tax (VII- VIII)		55,289,084	697,546,094
X.	Tax expense:			
	(1) Current tax		28,500,000	210,500,000
	(2) Deferred tax		(58,079,796)	10,171,149
			(29,579,796)	220,671,149
XI.	Profit/(Loss) for the period from continuing operations (IX-X)		84,868,880	476,874,945
XII.	Profit/(Loss) from discontinuing operations		-	-
XIII.	Tax expense of discontinuing operations		-	-
XIV.	Profit/(Loss) from discontinuing operations (after tax) (XII-XIII)		-	-
XV.	Profit/(Loss) for the period (XI+ XIV)		84,868,880	476,874,945
XVI.	Earnings per equity share having nominal value of ₹ 2/- per share	C-8		
	(1) Basic		1.07	6.01
	(2) Diluted		1.07	6.01

Notes to accounts

Part- B & C

The notes referred to above and accompanying notes form an integral part of the profit and loss statement.

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
DIN : 00007885

S. N. INAMDAR
Director
DIN : 00025180

ABHIJEET BHAGWAT
Partner

SANDEEP PHADNIS
Company Secretary

UMESH R. SHASTRY
CFO & Vice President (Finance)

Pune : April 27, 2015

Pune : April 27, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

	Particulars	2014-15	2013-14
A	Cash flows from operating activities		
	Net profit before taxes and extraordinary items	55,289,084	697,546,094
	Adjustments for :-		
1	Depreciation / amortization	496,764,630	346,169,961
2	(Profit)/loss on sale of fixed assets	7,625,867	75,285,956
3	(Profit)/Loss on sale of Investments	(8,777,513)	-
4	Employees stock option - compensation debited to profit and loss account (net)	4,180,645	(31,284,441)
5	Bad debts, advances and claims written off	135,994,425	16,003,121
6	Provision for doubtful debts/advances	110,512,444	65,048,958
7	Interest income	(16,781,801)	(14,273,545)
8	Dividend income	(33,500,100)	(9,328,261)
9	Interest expenses	336,181,400	337,607,997
10	Unrealized exchange (gain)/ loss - others	56,424,954	(52,201,251)
	Operating profit before working capital changes	1,143,914,035	1,430,574,589
	Adjustments for :-		
1	(Increase)/ decrease in inventories	(555,831,572)	512,321,478
2	(Increase)/ decrease in trade and other receivables	524,543,602	660,290,554
3	Increase/ (decrease) in trade and other payables	83,174,432	(1,243,302,521)
4	Cash generated from operations	1,195,800,497	1,359,884,100
5	Income tax (paid) / refunded	(110,772,365)	(221,310,679)
	Net cash from operating activities	1,085,028,132	1,138,573,421
B	Cash flows from investing activities		
1	Purchase of fixed assets	(659,853,164)	(423,000,515)
2	Sale of fixed assets	8,830,258	29,517,622
3	Purchase of investment in subsidiary	(150,005,970)	(10,750)
4	Sale of investment	19,777,512	-
5	Interest received	14,387,789	13,545,299
6	Dividend received	33,500,100	9,328,261
7	Advance / loans to subsidiaries	75,546,806	223,325,538
	Net cash from investment activities	(657,816,669)	(147,294,545)
C	Cash flows from financing activities		
1	Proceeds from borrowing	1,364,218,404	566,212,000
2	Repayment of borrowings	(1,221,861,860)	(1,010,952,097)
3	Interest paid	(353,088,797)	(323,639,158)
4	Dividend paid	(198,727,264)	(165,636,263)
5	Dividend distribution tax	(32,132,101)	(24,592,508)
6	Proceeds from issuance of share capital	59,450	-
	Net cash used in financing activities	(441,532,168)	(958,608,026)
	Unrealized exchange gain / (loss) in cash and cash equivalents	(7,595,438)	1,538,654
	CSR payment debited to surplus	(45,000,000)	-
	Net increase in cash and cash equivalents	(14,320,705)	32,670,850
1	Cash & cash equivalents at beginning of period (refer note part A -16)	209,443,519	175,234,015
2	Cash & cash equivalents at end of period (refer note part A - 16)	142,527,376	209,443,519

Note : The above cash flow statement has been prepared under the indirect method as set out in the Accounting Standard 3 on cash flow statement.

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
DIN : 00007885

S. N. INAMDAR
Director
DIN: 00025180

ABHIJEET BHAGWAT
Partner

SANDEEP PHADNIS
Company Secretary

UMESH R. SHASTRY
CFO & Vice President (Finance)

Pune : April 27, 2015

Pune : April 27, 2015

NOTES TO ACCOUNTS: PART A

Particulars	Figures as at March 31, 2015	Figures as at March 31, 2014
Note : A-1		
<u>Share Capital</u>		
<u>Authorised</u>		
250,000,000 (250,000,000) equity shares of ₹ 2/- each (₹ 2/- each)	500,000,000	500,000,000
<u>Issued, subscribed & fully paid up</u>		
79,388,176 (79,358,451) equity shares of ₹ 2/- each (₹ 2/- each)	158,776,352	158,716,902
TOTAL	158,776,352	158,716,902

a) Reconciliation of share capital

Particulars	Figures as at March 31, 2015		Figures as at March 31, 2014	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	79,358,451	158,716,902	79,358,451	158,716,902
Shares Issued during the year under ESOS	29,725	59,450	-	-
Shares outstanding at the end of the year	79,388,176	158,776,352	79,358,451	158,716,902

b) Rights of equity shareholder:

The company has only one class of equity shares, having par value of ₹ 2/- per share. Each holder of equity share is entitled to one vote per share and has a right to receive dividend as recommended by the Board of Directors subject to the necessary approval from the shareholders. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

For the year ended March 31, 2015 the Board of Directors have proposed dividend of ₹ 0.50 (₹ 2.50) per share subject to shareholders' approval.

c) Details of share holders holding more than 5% shares

Name of the shareholder	Figures as at March 31, 2015		Figures as at March 31, 2014	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Kirloskar Industries Limited	18,988,038	23.92%	18,988,038	23.93%
Mr. Sanjay Chandrakant Kirloskar *	15,863,335	19.98%	15,850,121	19.97%
Mrs. Pratima Sanjay Kirloskar	13,754,056	17.33%	13,736,770	17.31%
Amansa Capital Pte. Ltd.	4,809,712	6.06%	4,298,110	5.42%

* includes 1,624,615 (1,624,615), 2% (2%) shares held in the capacity of a trustee.

d) Shares reserved for Employee Stock Option Scheme (ESOS)

Particulars	Figures as at March 31, 2015		Figures as at March 31, 2014	
	No. of Shares	₹	No. of Shares	₹
Shares reserved for ESOS scheme (refer note C-22)	5,182,590	10,365,180	5,212,315	10,424,630

NOTES TO ACCOUNTS: PART A (CONTD.)

Particulars	Figures as at March 31, 2015	Figures as at March 31, 2014
Note : A-2		
Reserves & Surplus		
(a) Capital Reserves	172,443	172,443
(b) Capital Redemption Reserve	4,000,000	4,000,000
(c) Securities Premium Reserve		
Opening balance	406,726,159	403,910,847
Add : Securities premium credited on share issue	4,557,068	2,815,312
Closing balance	411,283,227	406,726,159
(d) Share Options Outstanding Account		
Opening balance	4,110,415	35,394,856
Less : Written back in current year	376,423	31,284,441
Closing balance	3,733,992	4,110,415
(e) General Reserve		
Opening balance	5,779,140,921	5,731,453,426
Add : Transfer from surplus	-	47,687,495
Closing balance	5,779,140,921	5,779,140,921
(f) Surplus		
Opening balance	1,647,771,258	1,449,112,037
Less : As per Schedule II note 7 (b) of Companies Act 2013 (refer note part C-24)	40,754,517	-
Add : Net Profit for the current year	84,868,880	476,874,945
Balance available for appropriation	1,691,885,621	1,925,986,982
Less : Appropriations :		
Corporate social responsibility (CSR) spend (refer note part C-27)	45,000,000	-
Proposed dividend	39,694,088	198,396,128
Dividend distribution tax	1,238,198	32,132,101
Transfer to general reserve	-	47,687,495
	85,932,286	278,215,724
Closing balance	1,605,953,335	1,647,771,258
TOTAL	7,804,283,918	7,841,921,196

Note : A-3		
Long Term Borrowings		
Unsecured		
Deferred payment liabilities		
(a) Interest free loans under sales tax deferral scheme	31,729,996	40,191,329
Terms of loans: ₹ 2,579,302/- to be repaid in 5 equal yearly installments of ₹ 515,861/- starting from March 2010 and ₹ 52,883,330/- to be repaid in 9 yearly installments starting from April 2013.		
TOTAL	31,729,996	40,191,329

NOTES TO ACCOUNTS: PART A (CONTD.)

Particulars	Figures as at March 31, 2015	Figures as at March 31, 2014
Note : A- 4		
Deferred Tax Assets / (Liabilities) (net)		
(a) Deferred Tax Liabilities		
(i) On depreciation / amortization of fixed assets	148,913,054	190,376,508
TOTAL	148,913,054	190,376,508
(b) Deferred Tax Assets		
(i) On employees voluntary retirement schemes	-	765,947
(ii) On provision for doubtful debts / advances	179,410,862	149,012,165
(iii) On provision for employee benefits	79,390,670	71,421,228
TOTAL	258,801,532	221,199,340
NET	109,888,478	30,822,832

Note : A-5		
Other Long Term Liabilities		
(a) Trade Payables (refer note part C - 23)	319,433,530	262,355,646
(b) Others		
(i) Advances and deposits received from customers	537,826,204	463,867,256
(ii) Gross amount due to customers for project related contract work (refer note part C - 3)	255,502,029	308,375,013
TOTAL	1,112,761,763	1,034,597,915

Note : A-6		
Long Term Provisions		
(a) Provision for employee benefits		
(i) Leave encashment (refer note part C-21)	95,861,178	88,460,752
(ii) Pension scheme (refer note part C-11)	25,235,040	23,243,530
(b) Others		
(i) Provision for product warranty (refer note part C-21)	4,928,349	9,040,903
TOTAL	126,024,567	120,745,185

NOTES TO ACCOUNTS: PART A (CONTD.)

Particulars	Figures as at March 31, 2015	Figures as at March 31, 2014
Note : A-7		
Short Term Borrowings		
Secured		
(a) Loans repayable on demand from banks		
(i) Cash / export credit facilities	591,936,145	277,717,741
(ii) Working capital demand loans	400,000,000	200,000,000
Terms of loans: Loan carries interest @ 10.2% per annum.		
(b) Rupee short term loans and advances from banks		
(i) HDFC Bank Ltd.	350,000,000	-
Terms of loans: Loan carries interest @ 10.1% per annum.		
(ii) Credit Agricole Corporate & Investment Bank	350,000,000	-
Terms of loans: Loan carries interest @ 10.1% per annum.		
Nature of security : The loans are secured by hypothecation of all current assets of the company.		
Unsecured		
(a) Rupee short term loans and advances from banks		
(i) Citi Bank NA	300,000,000	-
Terms of loans: Loan carries interest @ 10 %per annum.		
(ii) Citi Financial Consumer Finance India Ltd.	-	1,000,000,000
Terms of loans: Loan carries interest @ 11.2% per annum.		
(iii) Bank of India	-	500,000,000
Terms of loans: Loan carries interest @ 10.7% per annum.		
(iv) Credit Agricole Corporate & Investment Bank	350,000,000	200,000,000
Terms of loans: Loan carries interest @ 10.1% per annum.		
Sub Total	650,000,000	1,700,000,000
(b) Loans and advances from related parties		
(i) Loan from subsidiary company	-	15,000,000
Terms of loans: Loan carries interest @ 10% per annum.		
TOTAL	2,341,936,145	2,192,717,741

NOTES TO ACCOUNTS: PART A (CONTD.)

Particulars	Figures as at March 31, 2015	Figures as at March 31, 2014
Note : A-8		
Other Current Liabilities		
(a) Current maturities of long-term debt	8,461,333	6,861,860
(b) Interest accrued but not due on borrowings	-	16,907,397
(c) Investor Education & Protection fund (will be credited as and when due).		
(i) Unpaid dividends	43,563,160	43,894,296
(d) Other payables		
(i) Gross amount due to customers for project related contract work (refer note part C - 3)	1,667,468,282	1,938,241,827
(ii) Advances from customers	785,978,015	801,288,471
(iii) Trade deposits	50,003,652	74,342,426
(iv) Salary & reimbursements	187,041,212	178,928,866
(v) Contribution to PF & Superannuation	28,513,996	26,311,864
(vi) Statutory dues	134,450,049	187,116,716
(vii) Payables on account of purchases of fixed assets	34,326,412	35,384,517
(viii) Provision for expenses	377,893,942	342,448,231
TOTAL	3,317,700,053	3,651,726,471

Note : A-9		
Short Term Provisions		
(a) Provision for employee benefits		
(i) Gratuity (refer note part C-11)	44,181,916	31,085,373
(ii) Leave encashment (refer note part C-21)	112,474,451	98,419,957
(b) Others		
(i) Proposed dividend	39,694,088	198,396,128
(ii) Dividend distribution tax	1,238,198	32,132,101
(iii) Provision for loss on long term contracts (refer note part C -21)	24,952,769	27,100,182
(iv) Provision for product warranty (refer note part C - 21)	115,745,850	115,299,238
TOTAL	338,287,272	502,432,979

NOTES TO ACCOUNTS: PART A (CONTD.)
Note A 10: Tangible and Intangible Assets

₹

Particulars	Tangible Assets										Intangible Assets	
	Land Free hold	Land Lease hold	Buildings	Plant & Equipment	Furniture & Fixtures	Office equipments	Vehicles	Railway Siding	Total	Computer Softwares		
Gross Block												
At 01.04.2013	318,786,843	-	1,467,796,357	3,309,943,188	119,166,518	4,285,773	56,534,076	1,528,317	5,278,041,072	158,920,755		
Additions	-	-	71,138,363	366,505,249	8,326,741	60,373	10,102,059	-	456,132,785	7,649,226		
Disposals	-	-	-	168,973,944	359,717	-	9,046,699	-	178,380,360	-		
As at 31.03.2014	318,786,843	-	1,538,934,720	3,507,474,493	127,133,542	4,346,146	57,589,436	1,528,317	5,555,793,497	166,569,981		
Additions	106,317,406	119,503,889	54,711,786	318,936,038	6,836,389	270,632	5,056,591	-	611,632,731	11,040,044		
Disposals	-	-	-	116,551,436	4,037,743	13,039	6,985,491	-	127,587,709	-		
As at 31.03.2015	425,104,249	119,503,889	1,593,646,506	3,709,859,095	129,932,188	4,603,739	55,660,536	1,528,317	6,039,838,519	177,610,025		
Depreciation/ Amortisation												
At 01.04.2013	-	-	184,425,772	1,935,247,613	56,312,778	1,315,448	28,797,387	1,498,027	2,207,597,025	139,195,153		
Charge for the year	-	-	34,407,818	284,949,032	7,145,723	171,725	4,607,008	5,426	331,286,732	14,883,229		
Depreciation on disposal	-	-	-	65,515,200	84,157	-	7,977,425	-	73,576,782	-		
As at 31.03.2014	-	-	218,833,590	2,154,681,445	63,374,344	1,487,173	25,426,970	1,503,453	2,465,306,975	154,078,382		
Transfer to Retained Earnings	-	-	123,286	57,621,534	3,011,889	515,917	467,741	-	61,740,367	-		
Charge for the year (refer note part C-24)	-	1,976,443	36,009,805	427,989,960	13,110,940	960,716	7,253,126	2,519	487,303,509	9,461,120		
Depreciation on disposal	-	-	-	58,078,087	3,851,355	13,039	3,549,102	-	65,491,583	-		
At 31.03.2015	-	1,976,443	254,966,681	2,582,214,852	75,645,818	2,950,767	29,598,735	1,505,972	2,948,859,268	163,539,502		
At 31.03.2014	318,786,843	-	1,320,101,130	1,352,793,048	63,759,198	2,858,973	32,162,466	24,864	3,090,486,522	12,491,599		
At 31.03.2015	425,104,249	117,527,446	1,338,679,825	1,127,644,243	54,286,370	1,652,972	26,061,801	22,345	3,090,979,251	14,070,523		

NOTES TO ACCOUNTS: PART A (CONTD.)
Note : A 11 : Non Current Investments

₹

	Particulars	Figures as at March 31, 2015	Figures as at March 31, 2014
I	Long term investments - at cost		
	Trade Investments		
	(a) Investment in Equity instruments	2,184,093,770	2,138,447,800
	(b) Investments in preference shares	150,000,000	-
	(c) Other non-current investments	-	11,000,000
	TOTAL	2,334,093,770	2,149,447,800
	Particulars	As at 31 March 2015	As at 31 March 2014
	Aggregate amount of quoted investments	-	-
	Aggregate amount of unquoted investments	2,334,093,770	2,149,447,800

₹

Details of Trade Investments									
Sr. No.	Name of the Body Corporate	Subsidiary / JV/ Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount
			2015	2014			2015	2014	
(a)	Investment in Equity Instruments								
1	Kirloskar Proprietary Limited	Others	2	2	Unquoted	Fully Paid	0%	0%	200
2	Kirloskar Ebara Pumps Limited	Joint Venture	225,000	225,000	Unquoted	Fully Paid	45%	45%	2,747,272
3	The Kolhapur Steel Limited	Subsidiary	16,313,818	16,313,718	Unquoted	Fully Paid	96%	96%	93,869,941
4	Kirloskar Systech Limited (refer note part C-25)	Subsidiary	90,000	50,000	Unquoted	Fully Paid	100%	100%	500,000
5	Kirloskar Corrocoat Private Limited	Subsidiary	3,250,000	3,250,000	Unquoted	Fully Paid	65%	65%	94,000,000
6 - i	Kirloskar Brothers International B V	Subsidiary	59,724	59,724	Unquoted	Fully Paid	100%	100%	456,679,373
6 - ii	Kirloskar Brothers International B V	Subsidiary	2,000	2,000	Unquoted	Partly Paid	100%	100%	10,007,717
7	Karad Projects & Motors Ltd.	Subsidiary	13,952,450	13,952,450	Unquoted	Fully Paid	100%	100%	1,480,643,297
									2,184,093,770
(b)	Investments in Preference Shares								
	The Kolhapur Steel Limited (refer note part C-26)	Subsidiary	15,000,000	-	Unquoted	Fully Paid	100%	-	-
(c)	Other non-current investments								
	HDFC Group Unit Linked Option Plan B	Others	-	357,919	Unquoted	-	-	-	11,000,000
	TOTAL								2,334,093,770
									2,149,447,800

* For basis of valuation refer note part B-10

NOTES TO ACCOUNTS : PART A (CONTD.)

Particulars	Figures as at March 31, 2015	Figures as at March 31, 2014
Note : A-12		
Long Term Loans and Advances		
(a) Capital advances		
Unsecured, considered good	17,920,522	225,547,993
(b) Security deposits		
Unsecured, considered good	270,187,873	236,692,572
Doubtful	23,605,612	8,160,304
	293,793,485	244,852,876
Less : Provision for doubtful deposits	23,605,612	8,160,304
	270,187,873	236,692,572
(c) Other loans and advances		
(i) Advances to suppliers and others		
Unsecured, considered good	129,579,607	211,436,913
Doubtful	138,246,800	138,084,165
	267,826,407	349,521,078
Less : Provision for doubtful advances	138,246,800	138,084,165
	129,579,607	211,436,913
(ii) Prepaid expenses	22,650,363	11,814,239
(iii) Advance Income tax (net of provision)		
Unsecured, considered good	1,063,396,062	1,020,776,794
TOTAL	1,503,734,427	1,706,268,511

Note : A-13		
Other Non Current Assets		
(a) Long term trade receivables		
Unsecured, considered good	29,326,443	123,991,467
Doubtful	335,248,484	245,814,248
	364,574,927	369,805,715
Less : Provision for doubtful receivables	335,248,484	245,814,248
	29,326,443	123,991,467
(b) Others		
(i) Claims Receivables		
Unsecured, considered good	39,728,877	91,000,519
Doubtful	192,585,767	192,585,767
	232,314,644	283,586,286
Less : Provision for doubtful claims	192,585,767	192,585,767
	39,728,877	91,000,519
(ii) Gross amount due from customers (refer note part C - 3)	231,532,008	74,903,370
(iii) Retentions	637,687,883	424,676,096
TOTAL	938,275,211	714,571,452

NOTES TO ACCOUNTS : PART A (CONTD.)

Particulars	Figures as at March 31, 2015	Figures as at March 31, 2014
Note : A -14		
Inventories		
(a) Raw Materials *	456,938,914	352,710,716
(b) Work-in-progress (refer note part C - 16)	642,071,782	466,262,054
(c) Finished goods (refer note part C - 12)	527,292,941	304,092,831
(d) Stock-in-trade (refer note part C - 13) **	183,625,578	147,900,905
(e) Stores and spares	66,636,456	49,767,593
Mode of valuation (refer note part B - 3)		
* Include goods in transit - ₹ 7,439,959 (PY ₹ 6,466,855/-)		
** Include goods in transit - ₹ 1,840,994 (PY ₹ 5,371,048/-)		
TOTAL	1,876,565,671	1,320,734,099

Note : A-15		
Trade receivables		
(i) Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	1,457,002,931	1,000,263,853
(ii) Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	2,489,736,048	2,414,150,842
TOTAL	3,946,738,979	3,414,414,695

Note : A-16		
Cash & Bank Balances		
(a) Cash & Cash Equivalents		
(i) Cash on hand	3,499,212	1,737,749
(ii) Balances with banks	95,465,004	163,811,474
(iii) Earmarked balances with banks		
Unpaid dividend accounts	43,563,160	43,894,296
TOTAL	142,527,376	209,443,519

NOTES TO ACCOUNTS : PART A (CONTD.)

₹

Particulars	Figures as at March 31, 2015	Figures as at March 31, 2014
Note : A-17		
Short term loans and advances		
(a) Loans and advances to related parties		
(i) Advances to subsidiary companies		
Unsecured, considered good	23,053,434	98,600,240
(b) Others		
(i) Security and other deposits		
Unsecured, considered good	952,964,584	1,163,180,470
(ii) Advances to suppliers and others		
Unsecured, considered good	71,752,784	310,215,318
(iii) Prepaid expenses	122,970,108	100,916,696
(iv) Advance income tax (net of provision for tax)		
Unsecured, considered good	50,003,361	10,350,263
TOTAL	1,220,744,271	1,683,262,987

Note : A-18		
Other current assets		
(i) Claims receivables		
Unsecured, considered good		
a) Excise, service tax and custom duty	354,709,971	336,225,692
b) Sales tax and value added tax	785,891,027	716,376,833
c) Insurance	19,429,488	100,717,385
(ii) Interest accrued		
Unsecured, considered good	3,122,258	728,246
(iii) Gross amount due from customers (refer note part C - 3)	189,671,278	603,862,103
(iv) Retentions	2,680,560,956	3,173,538,935
TOTAL	4,033,384,978	4,931,449,194

Particulars	2014-15	2013-14
Note : A-19		
Revenue from operations (refer note part C -12 and C -13)		
Sale of products	14,193,031,409	14,331,971,103
Less : Excise duty	776,095,470	815,065,984
	13,416,935,939	13,516,905,119
Project related revenue	2,406,250,185	3,667,734,830
Sale of services	226,542,076	196,889,927
	16,049,728,200	17,381,529,876
Other operating revenues	207,323,288	216,523,309
TOTAL	16,257,051,488	17,598,053,185

NOTES TO ACCOUNTS : PART A (CONTD.)

Particulars	2014-15	2013-14
Note : A-20		
Other Income		
(a) Interest Income		
(i) On fixed deposits	494,312	-
(ii) From customers	5,767,209	4,701,506
(iii) From others	10,520,280	9,572,039
(b) Dividend income from long term investments		
(i) From subsidiary companies	33,500,000	9,328,161
(ii) From others	100	100
(c) Profit on sale of long term investment	8,777,512	-
(d) Other non-operating income	53,655,351	29,547,252
TOTAL	112,714,764	53,149,058
Note : A-21		
Cost of material consumed		
Raw material consumed (refer note part C -14 & 15)	7,117,446,694	6,835,535,920
Stores and spares consumed	679,636,845	571,023,582
Processing charges	266,598,665	209,076,187
	8,063,682,204	7,615,635,689
Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Opening Stock (refer note part C -12,13 and 16)		
Finished goods	304,092,831	276,747,627
Work-in- progress	466,262,054	839,744,407
Stock in trade	147,900,905	207,197,132
	918,255,790	1,323,689,166
Closing Stock		
Finished goods	527,292,941	304,092,831
Work-in- progress	642,071,782	466,262,054
Stock in trade	183,625,578	147,900,905
	1,352,990,301	918,255,790
TOTAL	(434,734,511)	405,433,376
Note : A-22		
Employee benefits expense		
Salaries, wages and bonus	1,459,084,620	1,339,787,620
Contribution to provident fund, super annuation fund and E.S.I	81,406,838	80,071,890
Gratuity	43,193,427	31,085,373
Welfare expenses	109,074,302	93,537,112
Pension benefits	5,355,562	10,551,644
ESOS expenses	4,180,645	(31,284,441)
TOTAL	1,702,295,394	1,523,749,198

NOTES TO ACCOUNTS : PART A (CONTD.)

₹

Particulars	2014-15	2013-14
Note : A-23		
Finance cost		
Interest expense	336,181,400	313,209,268
Other borrowing costs	76,994,814	70,932,693
Applicable net gain/loss on foreign currency transactions and translation	-	24,398,729
TOTAL	413,176,214	408,540,690
Note : A-24		
Other expenses		
Power & fuel	242,116,349	213,365,715
Repairs and maintenance		
Plant and machinery	111,080,930	101,492,342
Buildings	24,565,305	29,180,894
Other	47,408,787	40,599,717
Rent	77,053,500	71,744,312
Rates and taxes	83,350,550	98,858,046
Travel and conveyance	244,274,218	274,242,564
Communication expenses	54,972,690	52,915,707
Insurance	102,745,018	130,429,865
Directors' sitting fees	5,475,000	600,000
Non executive directors' remuneration	-	5,150,000
Royalties and fees	41,965,949	44,072,198
Cash discount	143,876,986	143,929,113
Freight and forwarding charges	362,840,543	342,473,559
Brokerage and commission	204,284,005	200,029,741
Advertisements and publicity	205,296,727	152,724,886
Provision for product warranty	117,414,534	124,913,181
Loss on sale / disposal of fixed assets	18,187,608	77,042,658
Provision for doubtful debts, advances and claims	110,512,444	65,048,958
Bad debts, advances and claims written off	135,994,425	16,003,122
Auditor's remuneration (refer note part C -4)	5,068,482	4,984,952
Professional, consultancy and legal expenses	332,191,614	187,890,654
Security services	41,149,295	32,283,285
Computer services	212,076,144	55,608,775
Stationery & printing	17,030,993	17,067,389
Training course expenses	9,623,468	7,649,137
Outside service charges	110,115,963	105,572,302
Foreign exchange difference (net)	24,904,324	123,591,250
Other miscellaneous expenses	145,837,267	259,771,392
TOTAL	3,231,413,118	2,979,235,714

NOTES TO ACCOUNTS : PART B

Significant Accounting Policies

Corporate information

Kirloskar Brothers Limited (KBL) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. KBL is engaged in providing global fluid management solutions and is the largest manufacturer and exporter of centrifugal pumps and valves from India. The core products of the company are Engineered Pumps, Industrial Pumps, Agriculture and Domestic Pumps, Valves, Motors and Hydro turbines.

B-1 Basis of preparation of financial statements

- a) The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India and comply in all material respects with the Accounting Standards specified under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provision of the Companies Act, 2013
- 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.

B-2 Use of estimates

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

B-3 Inventories

- a) Inventories are valued at the lower of cost and estimated net realizable value.
- b) The cost is calculated on moving 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. Cost of finished goods includes excise duty, as applicable.

B-4 Cash and cash equivalents

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

B-5 Depreciation

Depreciation on fixed assets has been provided in a manner that amortizes the cost of the assets over their estimated useful lives on straight line method as per the useful life prescribed under Schedule-II to the Companies Act, 2013 except in the cases mentioned below where the management based on a technical evaluation have estimated the life to be lower than the life prescribed in Schedule-II

NOTES TO ACCOUNTS : PART B (CONTD.)

Sr. No.	Particulars	Life
1	Patterns	1 year to 5 years

B-6 Construction Contracts

- a) Contract revenue and contract costs arising from fixed price contracts are recognized in accordance with the percentage completion method. Revenue is recognized only to the extent of actual cost incurred till such time the outcome of the contract cannot be ascertained reliably.
- 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 estimated on a contract in the year in which it is first foreseen.

B-7 Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

- 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.
- c) Interest is recognized on a time proportion basis determined by the amount outstanding and the rate applicable.
- d) Dividend from investments in shares is not recognized in the profit and loss statement until a right to receive payment is established in the reporting period.
- e) Income from royalties is recognized on an accrual basis in accordance with the terms of the relevant agreement.

B-8 Tangible Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment (if any). The cost of a fixed asset comprises its purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs attributable to construction or acquisition of qualifying fixed assets for the period up to the completion of construction or acquisition of such fixed assets are included in the gross book value of the asset to which they relate.

B-9 Foreign Currency Transactions

- a) Initial Recognition: A foreign currency transaction is recorded on initial recognition in the reporting currency by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- b) Conversion: At the year end, monetary items denominated in foreign currencies are converted into rupee equivalents at the year-end exchange rates.

NOTES TO ACCOUNTS : PART B (CONTD.)

- c) Forward Exchange Contracts: In respect of transactions covered by forward exchange contracts, the difference between the forward rate and the exchange rate (premium) 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 Statement.
- e) Foreign entities: Assets and liabilities of non-integral foreign entities are translated into rupee equivalents using year-end spot foreign exchange rates. Revenues and expenses are translated monthly at average exchange rates.

B-10 Investments

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

Investments that are readily realizable and intended to be held for not more than a year from the date on which such investment is made are classified as current investments. All other investments are classified as long-term investments.

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

B-11 Employee Benefits

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

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, leave travel allowance 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 schemes, 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.

NOTES TO ACCOUNTS : PART B (CONTD.)

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

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

In 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 have 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 Benefit

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

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

B-12 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. It also includes exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. Other borrowing costs are recognized as an expense in the period in which they are incurred.

B-13 Segment Accounting

The company's business segment is a distinguishable component that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. The company's geographical segment is based on the location of its customers.

- 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.

NOTES TO ACCOUNTS : PART B (CONTD.)

B-14 Operating Lease

Assets taken on lease where significant portion of risk and rewards incidental to the ownership are not transferred are treated as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Statement on straight line basis over the lease term.

B-15 Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

B-16 Taxes on Income

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

B-17 Intangible Assets

The company has only computer software as acquired intangible asset. It is amortized over a period of 3 years on straight line method.

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

B-18 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.

NOTES TO ACCOUNTS : PART B (CONTD.)

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 in the reporting period.

B-19 Impairment Policy

The company assesses at each balance sheet date whether there is any indication that an asset or cash generating unit (CGU) may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's or CGU's net selling price or its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

B-20 Provisions and contingent liabilities

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.

Provision for warranty related costs are recognized when the product is sold. Provision is based on historical experience.

Contingent liability is disclosed in case of

- a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
- b) present obligation arising from past events, when no reliable estimate is possible
- c) a possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent assets are neither recognized, nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

B-21 Employee Stock Ownership 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.

NOTES TO ACCOUNTS : PART C

		₹	
C-1	Contingent liabilities :		
a)	Claims against the company not acknowledged as debts		
	Alstom (Switzerland) Limited a foreign customer of KBL, has invoked Arbitration clause as per contractual provisions and issued notice of arbitration demanding a payment of EUR 5,295,000/- (₹ 359,080,425/-) and GBP 3,215,000/- (₹ 297,516,100/-) over quality issues. KBL's contention is that the pumps were supplied as per technical specifications. KBL has replied to the Alstom's notice of arbitration and made a counter claim of EUR 1,161,688/- (₹ 78,779,872/-). Both parties have appointed their respective arbitrators and the arbitrators are yet to appoint the presiding arbitrator. Once the arbitral tribunal is constituted, arbitration proceedings will commence.		
		2015	2014
b)	Guarantees:		
	By the company to Citi Bank N.A. on behalf of SPP Pumps Ltd., UK USD- 10,500,000	658,035,000	629,055,000
	By the company to Indian Overseas Bank Ltd. on behalf of Karad Projects and Motors Ltd.	500,000,000	500,000,000
	By the company to Citi Bank N.A. on behalf of Kirloskar Brothers (Thailand) Ltd, USD- 3,000,000	188,010,000	179,730,000
	By the company to Citi Bank N.A. on behalf of Kirloskar Pompen B V USD- 5,000,000	313,350,000	299,550,000
	By the company to Citi Bank N.A. on behalf of Braybar Pumps (Proprietary) Ltd. USD- 2,000,000	125,340,000	119,820,000
	By the company to Citi Bank N.A. on behalf of Karad Projects and Motors Ltd. USD- 6,000,000	-	359,460,000
	By the company to Weatherford Oil Tool Middle East Ltd. on behalf of SPP Pumps Ltd.,UK GBP- 89,785	8,308,345	8,934,416
	By the company to Secretary of Business of State, London, on behalf of SPP Pumps Ltd.,UK GBP- 1,120,000	103,640,320	-
c)	Other money for which the company is contingently liable for		
i)	Central Excise and Service tax (Matter Subjudice)	1,017,697,103	1,104,102,095
ii)	Sales Tax (Matter Subjudice)	205,419,339	193,552,873
iii)	Income Tax (Matter Subjudice)	740,451,909	738,708,203
iv)	Labour Matters (Matter Subjudice)	48,933,183	48,119,314
v)	Other Legal Cases (Matter Subjudice)	162,665,127	72,590,410
C-2	Commitments		
i)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances).	39,902,327	187,675,288
ii)	Letters of Credit Outstanding	852,997,533	629,139,241
C-3	Construction contracts		
a)	Contract Revenue recognised as revenue for the year	2,406,250,185	3,667,734,830
b)	Advances received	301,329,681	449,215,093
c)	Amount of retentions	3,318,248,839	3,598,215,032
d)	Gross amount due from customer		
	Contract costs incurred	21,795,013,901	27,087,017,195
	Recognised Profits less recognised Losses	2,312,519,785	3,879,769,542
	Less: Progress Billing	23,686,330,400	30,288,021,264
	Net [Note A- 13(b)(ii) + A- 18(iii)]	421,203,286	678,765,473
e)	Gross amount due to customer		
	Contract costs incurred	32,966,386,564	25,355,781,953
	Recognised Profits less recognised Losses	7,392,146,731	5,739,395,518
	Less: Progress Billing	42,281,503,606	33,341,794,311
	Net [Note A- 5(b)(ii) + A- 8(d)(i)]	(1,922,970,311)	(2,246,616,840)

NOTES TO ACCOUNTS : PART C (CONTD.)

	2015	2014
C-4 Remuneration to Auditors		
Statutory Auditors :		
a) Audit fees	3,250,000	3,250,000
b) Tax audit Fees	250,000	200,000
c) VAT audit fees	250,000	150,000
d) Limited reviews	750,000	750,000
e) Certification services	458,820	433,930
f) Expenses reimbursed	109,662	201,022
	5,068,482	4,984,952
C-5 Expenditure in foreign currencies.		
i) Interest	-	70,472,247
ii) Professional Fees	28,766,093	20,640,855
iii) Other Matters	193,259,487	170,858,842
C-6 Earnings in foreign currencies :		
i) F.O.B. Value of goods exported	1,056,073,430	854,479,635
ii) Services rendered / Civil work	58,016,211	61,978,820
iii) Others	165,367,825	267,043,351
C-7 C.I.F. Value of Imports		
i) Raw Materials & components	369,753,911	610,494,879
ii) Capital Goods	154,234,415	60,439,696
C-8 Earning per Share (Basic and diluted)		
I - Basic		
a) Profit for the year before tax	55,289,084	697,546,094
Less : Attributable tax thereto	(29,579,796)	220,671,149
Profit after tax	84,868,880	476,874,945
b) Weighted average number of equity shares used as denominator	79,388,176	79,358,451
c) Basic earning per share of nominal value of ₹ 2/- each	1.07	6.01
II - Diluted		
a) Profit for the year before tax	55,289,084	697,546,094
Less : Attributable tax thereto	(29,579,796)	220,671,149
Profit after tax	84,868,880	476,874,945
b) Weighted average number of equity shares	79,388,176	79,358,451
c) Add : Weighted average number of potential equity shares on account of employee stock options	2,727	34,764
d) Weighted average number of shares outstanding used as denominator	79,390,903	79,393,215
e) Diluted earning per share of nominal value of Rs 2/- each	1.07	6.01
C-9 Prior period expenses (included in other expense)	3,180,490	-

NOTES TO ACCOUNTS : PART C (CONTD.)

C-10

- A Research and Development expenditure eligible for weighted average deduction under section 35(2AB) of the Income Tax Act, 1961**

₹

Sr. No.	Particulars	2014-15	2013-14
A	Revenue expenditure		
	Manufacturing expenses:		
	Raw Material , Store , Spares & Tools consumed	13,769,933	4,313,364
	Payments to and Provision for Employees:		
	Salaries , Wages , Bonus , Allowances etc	65,157,654	59,357,809
	Contribution to PF & other funds & Schemes		
	Other benefits		
	Other Expenses:		
	Legal & Professional charges	-	11,040,188
	Membership Fees	1,255,798	269,040
	EDP expenses (Softwares)	11,654,960	13,856,476
	Power charges	33,185	20,568
	Travelling & Conveyance Expenses	6,537,107	5,582,094
	Other Expenses	4,546,527	4,977,733
	Repairs	52,590	682,599
	TOTAL	103,007,754	100,099,871
B	Capital Expenditure	150,795,422	18,217,142
	Total Eligible Research & Development Expenditure (A + B)	253,803,176	118,317,013

B Other Research and Development expenditure

₹

Sr. No.	Particulars	2014-15	2013-14
A	Revenue expenditure	202,943,758	17,200,706
B	Capital expenditure	-	3,801,251
	Total	202,943,758	21,001,957

C-11 Employee Benefits :

i Defined Contribution Plans:

Amount of ₹ 50,734,196/- (₹ 47,093,714/-) is recognised as an expense and included in "Employees benefits expense" (Part A-22) in the Profit and Loss Statement.

NOTES TO ACCOUNTS : PART C (CONTD.)

ii Defined Benefit Plans:

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

₹

Particulars	As at 31-03-2015		As at 31-03-2014	
	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	327,188,569	25,235,040	287,454,777	23,243,530
Less: Fair Value of Plan Assets	283,006,653	-	256,369,404	-
Amount to be recognised as liability or (asset)	44,181,916	25,235,040	31,085,373	23,243,530
B. Amounts reflected in the Balance Sheet				
Liabilities	44,181,916	25,235,040	31,085,373	23,243,530
Assets				
Net Liability / (Assets)	44,181,916	25,235,040	31,085,373	23,243,530

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

₹

Particulars	As at 31-03-2015		As at 31-03-2014	
	Gratuity Plan	Pension Scheme	Gratuity Plan	Pension Scheme
	(Funded)	(Non Funded)	(Funded)	(Non Funded)
1 Current Service Cost	25,581,439	-	23,404,299	-
2 Past Service Cost	-	-	-	-
3 Interest Cost	25,434,555	-	19,246,085	-
4 Expected Return on Plan Assets	(23,428,223)	-	(20,882,021)	-
5 Actuarial Losses / (gains)	15,381,591	6,111,708	10,261,926	9,385,185
6 Past Service Cost	-	-	-	-
7 Effect of any curtailment or settlement	-	-	-	-
8 Actuarial Gain not recognised in books	-	-	-	-
9 Adjustment for earlier years	-	-	-	-
Total included in Part A-22 "Employee benefits expense"	42,969,362	6,111,708	32,030,289	9,385,185
Actual Return on Plan Assets	8.85%		9.00%	

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

₹

Particulars	As at 31-03-2015		As at 31-03-2014	
	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 01-04-2014	287,454,777	23,243,530	252,700,192	15,758,335
2 Add: Current Service Cost	25,581,439	-	23,404,299	-
3 Curtailment Cost / (credit)	-	(2,689,285)	-	-
4 Add: Past Service Cost	-	-	-	-
5 Add: Interest Cost	25,434,555	1,981,437	19,246,085	1,166,459
6 Add / (less): Actuarial losses / (gains)	10,702,247	6,111,708	10,261,926	9,385,185
7 (Less): Benefits paid	(21,984,449)	(3,412,350)	(18,157,725)	(3,066,449)
8 Balance of the present value of Defined Benefit Obligation as at 31-03-2015	327,188,569	25,235,040	287,454,777	23,243,530

NOTES TO ACCOUNTS : PART C (CONTD.)

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

Sr. No.	Particulars	Gratuity Plan (Funded)	
		31.03.2015	31.03.2014
1	Opening balance of the fair value of the plan assets as at 01-04-2014	256,369,404	229,502,455
2	Add: Expected Return on plan assets	23,428,223	20,882,021
3	Add / (less) : Actuarial gains / (losses)	(4,679,344)	944,916
4	Add: Contribution by the employer	29,872,819	23,197,737
5	Less: Benefits paid	21,984,449	18,157,725
6	Closing balance of the plan assets as at 31-03-2015	283,006,653	256,369,404

- e) The broad categories of plan assets as a percentage of total plan assets as at 31-03-2015 of Employee's Gratuity Scheme are as under:

Sr. no	Particulars	Percentage	
		31.03.2015	31.03.2014
1	Central Government Securities	31.35	31.35
2	State Government Securities	10.71	10.71
3	Other Approved Securities (Government Guraranted Securities)	1.35	1.35
4	Bonds and Debentures etc.	42.85	42.85
5	Fixed Deposits	8.35	8.35
6	Equity Shares	5.23	5.23
7	Money Market Instrument	0.16	0.16
	Grand Total	100.00	100.00

Basis used to determine the overall expected return:

Life Insurance Corporation of India (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 31-03-2015 - 7.80%
 - Expected return on plan assets as at 31-03-2015 - 9.00%
 - Salary growth rate : For Gratuity Scheme - 10%
 - Attrition rate: For gratuity scheme the attrition rate is taken at 9.25%
 - The estimates of future salary increase considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

NOTES TO ACCOUNTS : PART C (CONTD.)

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

Particulars	As at 31-03-2015		As at 31-03-2014	
	Gratuity Plan	Pension Scheme	Gratuity Plan	Pension Scheme
	(Funded)	(Non Funded)	(Funded)	(Non Funded)
Defined Benefit Obligation	327,188,569	25,235,040	287,454,777	23,243,530
Plan Assets	283,006,653	-	256,369,404	-
Surplus / (Deficit)	(44,181,916)	(25,235,040)	31,085,373	23,243,530

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.

i) The Company expects to fund ₹ 41,181,916/- (₹ 31,085,773/-) towards its gratuity plan in the year 2015-16.

2 Company's Pension Plan:

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

C-12 Information in respect of sales and inventory of manufactured finished goods and services:

Particulars	Sales value	Closing inventory of finished goods	Opening inventory of finished goods
Power Driven Pumps	9,201,716,499 (9,478,621,623)	468,122,632 (259,714,264)	259,714,264 (226,474,772)
Valves	1,070,619,636 (1,174,081,167)	30,880,912 (23,942,426)	23,942,426 (31,180,201)
Spare Parts and Others	1,777,048,296 (1,606,487,629)	28,289,397 (20,436,141)	20,436,141 (19,092,654)
Services and Job Order Receipts	97,311,837 (75,331,356)	- -	- -
Civil Receipts	431,268,595 (1,060,772,840)	- -	- -
TOTAL	12,577,964,863 (13,395,294,615)	527,292,941 (304,092,831)	304,092,831 (276,747,627)

NOTES TO ACCOUNTS : PART C (CONTD.)

C-13 Information in respect of sales and inventory of trading goods :

₹

Particulars	Purchases	Sales	Closing inventory of trading goods	Opening inventory of trading goods
Pumps	730,321,308 (702,709,005)	1,080,819,179 (1,103,771,860)	117,883,809 (96,055,663)	96,055,663 (81,434,456)
Transformers	35,375,240 (60,515,195)	40,180,738 (144,020,740)	- -	- -
Alternators	71,602,215 (130,013,586)	105,985,072 (199,189,283)	7,728,300 (9,332,439)	9,332,439 (16,353,475)
Motors	688,147,219 (550,398,639)	653,234,030 (516,533,094)	10,166,307 (15,671,202)	15,671,202 (17,882,505)
Valves	114,024,170 (33,166,051)	150,979,944 (41,564,726)	924,215 (290,528)	290,528 (1,129,637)
Others	1,202,409,967 (2,198,089,045)	1,440,564,374 (1,981,155,558)	46,922,947 (26,551,073)	26,551,073 (90,397,059)
TOTAL	2,841,880,119 (3,674,891,521)	3,471,763,337 (3,986,235,261)	183,625,578 (147,900,905)	147,900,905 (207,197,132)

C-14 Consumption of Raw Materials :

₹

Particulars	2014-15		2013-14	
	₹	Percentage	₹	Percentage
Imported	44,431,829	0.63	87,505,983	1.28
Indigenous	7,073,014,865	99.37	6,748,029,937	98.72
TOTAL	7,117,446,694	100.00	6,835,535,920	100.00

C-15 Details of Raw Materials Consumption :

₹

Particulars	2014-15	2013-14
a) Castings	2,220,556,658	1,813,563,539
b) Stator Stacks	555,332,478	466,646,513
c) Motors	962,363,466	807,181,285
d) Engines	371,521,943	379,476,639
e) Civil Construction Material	506,212,942	806,136,363
f) Others	2,501,459,207	2,562,531,581
TOTAL	7,117,446,694	6,835,535,920

NOTES TO ACCOUNTS : PART C (CONTD.)

C-16 Details of Work-in-Process :

₹

Particulars	2014-15	2013-14
Power Driven Pumps	257,862,806	295,116,444
Valves	206,090,803	10,038,961
Others	178,118,173	161,106,649
TOTAL	642,071,782	466,262,054

C-17 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
1	Karad Projects and Motors Limited	Subsidiary Company
2	The Kolhapur Steel Limited	Subsidiary Company
3	Kirloskar Systech Limited	Subsidiary Company
4	Kirloskar Corrocoat Private Limited	Subsidiary Company
5	Kirloskar Brothers International B V	Subsidiary Company
6	SPP Pumps Limited	Subsidiary of Kirloskar Brothers International B.V.
7	Kirloskar Brothers(Thailand) Limited	Subsidiary of Kirloskar Brothers International B.V.
8	SPP Pumps (MENA) L.L.C.	Subsidiary of Kirloskar Brothers International B.V.
9	Kirloskar Pompen B.V (earstwhile Kirloskar Brothers Europe B V)	Subsidiary of Kirloskar Brothers International B.V.
10	Micawber 784 (Proprietary Limited)	Subsidiary of Kirloskar Brothers International PTY Ltd.
11	Kirloskar Brothers International PTY Ltd.	Subsidiary of Kirloskar Brothers International B.V.
12	SPP Pumps France EURL	Subsidiary of SPP Pumps Limited
13	Certified Engines Limited	Subsidiary of SPP Pumps Limited
14	SPP Pumps (South Africa Pty.) Limited	Subsidiary of Kirloskar Brothers International PTY Ltd.
15	SPP Pumps Holdings LLC	Subsidiary of SPP Pumps Limited
16	SPP Pumps Management LLC	Subsidiary of SPP Pumps Limited
17	SPP France S A S	Subsidiary of SPP Pumps Limited
18	SPP Pumps LP,(doing business as SPP Pumps Inc)	Owned by Partnership firm of SPP Pumps Holding LLC and SPP Pumps Management LLC
19	SPP Pumps Real Estate LLC	Owned by SPP Pumps LP
20	Braybar Pumps (Proprietary) Limited	Subsidiary of Kirloskar Brothers International PTY Ltd.
21	SyncroFlo Inc.	Owned by SPP Pumps LP

NOTES TO ACCOUNTS : PART C (CONTD.)

(B) Disclosure of related parties transactions

₹

Sr No	Nature of transaction/ relationship/major parties	2014-15		2013-14	
		Amount	Amount for Major parties *	Amount	Amount for Major parties *
1	Purchase of goods & services	2,046,403,114		1,861,200,338	
	Subsidiary/Fellow subsidiary Companies				
	The Kolhapur Steel Limited		-		168,665,160
	Karad Projects And Motors Limited		1,804,882,614		1,496,405,939
2	Sale of goods/contract revenue & services	854,911,540		764,080,702	
	Subsidiary/Fellow subsidiary Companies				
	SPP Pumps Limited		140,130,568		114,120,733
	Kirloskar Pompen B.V.		258,558,670		69,794,537
	Kirloskar Brothers (Thailand) Limited		121,408,403		57,992,717
	SPP Pumps LP		235,470,020		415,915,864
3	Rendering Services	103,147,942		41,642,988	
	Subsidiary/Fellow subsidiary Companies				
	Kirloskar Corrocoat Private Limited		13,213,536		14,763,282
	Kirloskar Systech Limited		79,252,641		7,545,261
4	Receiving Services	264,428,881		43,961,226	
	Subsidiary/Fellow subsidiary Companies				
	Kirloskar Brothers (Thailand) Limited		36,704,780		36,768,385
	Kirloskar Systech Limited		183,549,379		1,673,050
5	Sale of Fixed Assets	51,345,728		325,750	
	Subsidiary/Fellow subsidiary Companies				
	Kirloskar Systech Limited		51,345,728		-
6	Investment made	195,640,000		10,750	
	Subsidiary/Fellow subsidiary Companies				
	Kirloskar Systech Limited		45,640,000		-
	The Kolhapur Steel limited		150,000,000		10,750
7	Royalty Paid	46,877,036		49,226,445	
	Enterprises over which key managerial personnel or their relatives exercise significant influence				
	Kirloskar proprietary Limited		46,982,036		49,226,445
	The Kolhapur Steel limited				
8	Dividend paid	74,039,543		59,098,616	
	Key Management Personnel	35,563,765		31,603,306	
	Mr. Sanjay Kirloskar		35,563,765		31,603,306
	Relatives of Key Management Personnel	34,375,853		27,464,600	
	Mrs. Pratima Kirloskar		34,375,853		27,464,600
9	Dividend received	33,500,100		9,328,361	
	Subsidiary/Fellow subsidiary Companies				
	Kirloskar Corrocoat Private Limited		32,500,000		3,250,000

NOTES TO ACCOUNTS : PART C (CONTD.)

(B) Disclosure of related parties transactions (Contd.)

₹

Sr No	Nature of transaction/ relationship/major parties	2014-15		2013-14	
		Amount	Amount for Major parties *	Amount	Amount for Major parties *
10	Interest Paid Subsidiary/Fellow subsidiary Companies Kirloskar Corrocoat Pvt Limited	823,288	823,288	13,171,506	
11	Remuneration Paid Key Management Personnel Mr. Sanjay Kirloskar Mr. J. R. Sapre	18,794,991	11,746,447 5,649,830	55,375,062	36,434,994 18,026,976
12	Deposit Paid Subsidiary/Fellow subsidiary Companies Kirloskar Corrocoat Pvt Limited Karad Projects and Motors Limited The Kolhapur Steel Limited	900,000	200,000 400,000 300,000	2,000	500 - 1,500
13	Deposit Refunded Subsidiary/Fellow subsidiary Companies Kirloskar Corrocoat Pvt Limited Karad Projects and Motors Limited The Kolhapur Steel Limited	900,000	200,000 400,000 300,000	2,000	500 - -
14	Loan Taken Subsidiary/Fellow subsidiary Companies Kirloskar Corrocoat Pvt Limited	30,000,000	30,000,000	160,000,000	15,000,000
15	Payment made towards repayment of Loan Subsidiary/Fellow subsidiary Companies Kirloskar Corrocoat Pvt Limited	45,000,000	45,000,000	265,000,000	-
16	Reimbursement of Expenses Subsidiary/Fellow subsidiary Companies Kirloskar Systech Limited Karad Projects and Motors Limited Kirloskar Corrocoat Pvt Limited	56,224,584	19,586,900 17,137,401 8,400,520	30,276,409	1,243,912 281,276 336,300

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

(C) Amount due to/from related parties

₹

Sr No	Nature of transaction/ relationship/major parties	2014-15		2013-14	
		Amount	Amount for Major parties	Amount	Amount for Major parties
1	Accounts receivable Subsidiary/Fellow subsidiary Companies SPP Pumps LP Braybar Pumps (Proprietary) Limited SPP Pumps (South Africa) (Pty) Limited	81,015,904	18,257,796 25,281,225 12,828,658	100,928,297	14,703,144 3,931,161 7,689,534
2	Amount Due Subsidiary/Fellow subsidiary Companies Karad Projects and Motors Limited	297,037,753	297,037,753	300,986,122	129,758,457

NOTES TO ACCOUNTS : PART C (CONTD.)

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

1) Subsidiary Companies	Karad Projects and Motors Limited	
	The Kolhapur Steel Limited	
	Kirloskar Systech Limited	
	Kirloskar Corrocoat Private Limited	
	SPP Pumps Limited	
	SPP Pumps (South Africa Pty.) Limited	
	SPP Pumps (MENA) LLC	
	SPP Pumps LP/d/b/a SPP Pumps , Inc.	
	Kirloskar Pompen B.V	
	Braybar Pumps (Proprietary) Limited	
	Kirloskar Brothers (Thailand) Limited	
2) Joint Venture	Kirloskar Ebara Pumps Limited	
3) Key Management Personnel	Mr. Sanjay Kirloskar	
	Mr. J R Sapre	
4) Relatives of Key Management Personnel	Mrs. Pratima Kirloskar	Wife of Mr. Sanjay Kirloskar
	Mr. Alok Kirloskar	Son of Mr. Sanjay Kirloskar
	Mrs. Suman Kirloskar	Mother of Mr. Sanjay Kirloskar
	Ms. Rama Kirloskar	Daughter of Mr. Sanjay Kirloskar
	Ms. Preeti Sapre	Daughter of Mr. J R Sapre
5) Enterprises over which key managerial personnel or their relatives exercise significant influence	Kirloskar Proprietary Limited	

NOTES TO ACCOUNTS : PART C (CONTD.)

C-18 Disclosure pursuant to clause 32 of the Listing Agreement regarding loans and advances to subsidiary and associate companies:

A Loans and advances in the nature of loans for working capital requirements.

₹

Name of the Company	Balance as at		Maximum outstanding	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
To Subsidiary Companies				
The Kolhapur Steel Limited	13,214,020	73,214,020	73,214,020	73,214,020

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

i) No repayment schedule:

₹

Name of the Company	Balance as at		Maximum outstanding	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
The Kolhapur Steel Limited	13,214,020	73,214,020	73,214,020	73,214,020

ii) No interest charged:

₹

Name of the Company	Balance as at		Maximum outstanding	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
The Kolhapur Steel Limited	13,214,020	73,214,020	73,214,020	73,214,020

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 requirement.

C-19 Particulars related to Joint Venture :

a) List of Joint Venture

Sr No	Name of the Joint Venture	Description	Ownership Interest	Country of Incorporation
1	Kirloskar Ebara Pumps Limited	Jointly controlled entity	45%	India

b) Financial Interest in Jointly controlled entity

₹

Sr. No	Name of the Joint Venture	Company's share in		
			As at 31st March 2015	As at 31st March 2014
1	Kirloskar Ebara Pumps Limited	Assets	736,069,801	676,353,797
		Liabilities	211,967,691	223,757,482
			2014-15	2013-14
		Income	765,831,436	378,690,609
		Expenses	682,399,974	405,530,234

NOTES TO ACCOUNTS : PART C (CONTD.)

- c) Contingent liabilities , if any , incurred in relation to interest in Joint Ventures :
Nil (₹ 1,052,807/)
- d) Capital commitments , if any , in relation to interest in Joint Ventures : Nil (₹ 11,539,847/-)
- e) List of Jointly controlled operations :

Sr No	Name of the Jointly controlled operation	Description	Ownership Interest	Country of Incorporation
1	HCC - KBL	Jointly controlled operations	N A	India
2	KBL – MCCL	Jointly controlled operations	N A	India
3	KCCPL – IHP – BRC – TAIPPL – KBL JV	Jointly controlled operations	N A	India
4	IVRCL – KBL JV	Jointly controlled operations	N A	India
5	Maytas – KBL JV	Jointly controlled operations	N A	India
6	Larsen & Toubro – KBL JV	Jointly controlled operations	N A	India
7	KBL-MEIL-KCCPL JV	Jointly controlled operations	N A	India
8	KBL – PLR JV	Jointly controlled operations	N A	India
9	KBL – Koya – VA Tech JV	Jointly controlled operations	N A	India
10	KBL – PIL Consortium	Jointly controlled operations	N A	India
11	Larsen & Toubro – KBL – Maytas JV	Jointly controlled operations	N A	India
12	IVRCL – KBL – MEIL JV	Jointly controlled operations	N A	India
13	Pioneer – Avantica – ZVS – KBL JV	Jointly controlled operations	N A	India
14	AMR – Maytas – KBL – WEG JV	Jointly controlled operations	N A	India
15	Indu – Shrinivasa Constructions – KBL – WEG JV	Jointly controlled operations	N A	India
16	MEIL – KBL – IVRCL JV	Jointly controlled operations	N A	India
17	MEIL – Maytas – KBL JV	Jointly controlled operations	N A	India
18	KCCPL – TAIPPL – KBL JV	Jointly controlled operations	N A	India
19	KBL-SPML JV	Jointly controlled operations	N A	India
20	MEIL - KBL JV	Jointly controlled operations	N A	India
21	KIRLOSKAR - MEMWPL JV	Jointly controlled operations	N A	India
22	MAYTAS – MEIL – KBL JV	Jointly controlled operations	N A	India
23	Gondwana - KBL JV	Jointly controlled operations	N A	India
24	MEIL -PRASAD-KBL CONSORTIUM	Jointly controlled operations	N A	India
25	JCPL - MEIL - KBL CONSORTIUM	Jointly controlled operations	N A	India
26	KBL -PTIL UJV	Jointly controlled operations	N A	India
27	KBL - RATNA - JOINT VENTURE	Jointly controlled operations	N A	India
28	MEIL-KBL-WEG CONSORTIUM	Jointly controlled operations	N A	India
29	MEIL-KBL- (KDWS) JV	Jointly controlled operations	N A	India
30	KBL and TCIPL JOINT VENTURE	Jointly controlled operations	N A	India
31	ACPL & KBL JV	Jointly controlled operations	N A	India
32	Kirloskar Brothers Ltd. JV	Jointly controlled operations	N A	India
33	ITD CEMENTATION INDIA LIMITED JV	Jointly controlled operations	N A	India
34	GSJ - KBL JV	Jointly controlled operations	N A	India
35	JBL-KBL-GSJ JV	Jointly controlled operations	N A	India
36	KBL SYNERGE JV	Jointly controlled operations	N A	India

NOTES TO ACCOUNTS : PART C (CONTD.)

C-20 a) Details of Derivative Instruments (for hedging) : NIL

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

Particulars	Currency	2015	2014	2015	2014
Liability		Amount in Foreign Currency		Amount in ₹	
Trade Payables	EGP	4,435,051	7,687,118	36,345,242	66,096,914
	EUR	538,400	172,250	36,153,565	14,166,725
	GBP	177,156	61,730	16,374,575	6,142,667
	JPY	25,734	1,255,129	13,410	734,376
	OMR	-	9,404	-	1,460,956
	USD	3,975,925	3,215,758	248,515,170	192,656,058
	VND	189,989,100	189,989,100	552,044	539,035
	CHF	24,473	-	1,571,432	-
Advances received from customers	EGP	1,942,125	838,906	15,908,527	7,213,252
	EUR	752,001	1,212,452	50,481,832	99,718,154
	GBP	5,021	96,958	463,806	9,648,164
	USD	1,857,267	2,460,889	116,069,909	147,431,870
	VND	335,246,400	335,246,400	972,215	951,158
Amount Due to Employees	EGP	110,972	110,972	909,416	954,182
Assets					
Advances to Suppliers	EGP	4,215,958	5,965,797	34,549,773	51,296,305
	EUR	167,215	424,626	11,228,487	34,923,345
	GBP	2,868	3,043	265,089	302,798
	USD	149,005	216,640	9,313,555	12,978,886
Trade Receivables	EGP	663,556	722,037	5,435,387	6,208,367
	EUR	1,025,912	2,255,792	68,869,484	185,527,623
	GBP	61,726	75,169	5,701,672	7,479,998
	SGD	-	128,799	-	6,115,258
	USD	5,215,454	5,001,053	325,939,777	299,613,071
Bank Accounts	EGP	1,757,348	2,880,392	14,417,988	24,766,763
	EUR	333	8,598	22,563	707,180
	GBP	57,607	167,695	5,330,676	16,687,186
	USD	689,894	1,685,156	43,235,682	100,957,692
	VND	720,630	852,630	2,094	2,419
Other Deposits	EGP	1,691,679	1,693,879	13,879,213	14,564,651
Amount Due from Employees	EGP	81,649	64,846	668,811	557,571
	EUR	3,158	-	211,997	-
	GBP	2,705	1,263	249,861	125,680
	USD	16,255	51,018	1,015,884	3,056,482

(EGP- Egyptian Pound, GBP - Great Britain Pound, EUR- Euro, CHF- Swiss Franc, USD - US Dollar, VND- Vietnamese Dong, SGD- Singapore Dollar, JPY - Japanese Yen, OMR - Omani Rial, CHF-Swiss Franc)

NOTES TO ACCOUNTS : PART C (CONTD.)

C-21 Details of provisions and movements in each class of provisions.

₹

Particulars	As at 31st March,2015	As at 31st March,2015	As at 31st March,2015
	Product Warranty	Leave Encashment	Provision for loss on Long Term Contracts
Carrying amount at the beginning of the year	124,340,141 (80,772,093)	186,880,709 (261,099,123)	27,100,182 (30,314,046)
Provision made during the year	120,674,199 (124,340,141)	37,915,250 -	- -
Amount used during the year	119,503,621 (80,772,093)	14,405,193 (54,982,346)	2,147,413 (3,213,863)
Unused amounts reversed during the year	4,836,520 -	2,055,137 (19,236,068)	- -
Carrying amount at the end of the year	120,674,199 (124,340,141)	208,335,629 (186,880,709)	24,952,769 (27,100,182)

C-22 Stock Option Schemes:

Under the Employees' "Share a Vision" – Stock Option Scheme, 2007 (ESOS-2007), equity shares of ₹ 2/- each would be issued and allotted against stock options, at an Exercise price of ₹ 200/- or ₹ 2/- per share based on performance and other eligibility criteria.

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 would vest, after one year of the grant, in 3 annual instalments of 30%, 30% and 40% and the same would be exercisable within a period of 3 years from the date of vesting.

Ist tranche of options i.e. 30% of the total options have been vested on August 31, 2008. The vesting of the IInd tranche (August 31, 2009) stands cancelled due to non achievement of the performance targets specified in the performance matrix. IIIrd tranche of options i.e. 40% of the total options have been vested on August 31, 2010.

The details of the grants under the Stock Option Scheme are summarised hereinafter.

NOTES TO ACCOUNTS : PART C (CONTD.)

I) Details of Stock Options granted in previous year.

Sr. No.	Particulars	Grant I	Grant II	Grant III	Grant IV	Grant V	Grant VI	Grant VII	Grant VIII	Grant IX	Grant X	Grant XI
1)	Exercise Price - ₹	200/-	200/-	2/-	2/-	2/-	2/-	2/-	2/-	2/-	2/-	2/-
2)	Grant Date	31/8/2007	19/1/2008	01/06/2009	06/10/2009	22/10/2009	14/05/2010	08/08/2011	28/05/2013	24/07/2013	22/04/2014	06/06/2014
3)	Vesting Commences on	31/8/2008	19/1/2009	01/06/2010	06/10/2010	22/10/2010	14/05/2011	08/08/2012	28/05/2014	24/07/2014	24/07/2015	06/06/2015
4)	Options granted and outstanding at the beginning of the year	131,980	4,560	-	-	-	-	-	16,725	18,500	-	-
		(131,980)	(4,560)	-	-	-	-	-	-	-	-	-
5)	Options granted during the year	-	-	-	-	-	-	-	(16,725)	(19,250)	20,000	3,850
6)	Options cancelled/ lapsed during the year	131,980	4,560	-	-	-	-	-	-	2750	-	3,850
		(131,980)	(4,560)	-	-	-	-	-	-	(750)	-	-
7)	Options exercised during the year	-	-	-	-	-	-	-	16,725	13,000	-	-
		-	-	-	-	-	-	-	-	-	-	-
8)	Option outstanding at the end of year	-	-	-	-	-	-	-	-	2,750	20,000	-
		-	-	-	-	-	-	-	(16,725)	(18,500)	-	-
9)	Options granted and outstanding at the end of the year of which											
a	Options Vested	-	-	-	-	-	-	-	-	2,750	20,000	-
		-	-	-	-	-	-	-	(16,725)	(18,500)	-	-
b	Options yet to Vest	-	-	-	-	-	-	-	-	-	20,000	-
		-	-	-	-	-	-	-	-	-	-	-

NOTES TO ACCOUNTS : PART C (CONTD.)

- C-23** The identification of suppliers as micro, small and medium enterprise defined under “The Micro, Small and Medium Enterprises Development Act, 2006” was done on the basis of information to the extent provided by the suppliers of the Company. There were no outstanding dues to micro, small and medium enterprises which were outstanding for more than the stipulated period.
- C-24** Effective from April 1, 2014 the Company has charged depreciation based on the revised remaining useful life of the assets as per the requirement of Schedule II of the Companies Act, 2013. Due to above, depreciation charge for the year ended March 31, 2015 is higher by ₹ 153,496,015/-. Further, an amount of ₹ 61,740,367/- (net of tax of ₹ 40,754,517/-) representing the carrying amount of assets with revised useful life as nil, has been charged to the retained earnings as on April 01, 2014 pursuant to the Companies Act, 2013.
- C-25** During the year Company has purchased additional 40,000 shares at fair value in its wholly own subsidiary Kirloskar Systech Ltd as part of business strategy in exchange of certain fixed assets.
- C-26** The net worth of The Kolhapur Steel Ltd. (TKSL), a subsidiary company of Kirloskar Brothers Ltd. (KBL) has turned negative in previous year and the company has made an application to Board of Industrial Financial Reconstruction (BIFR) under Sick Industrial Companies Act, 1985.(SICA). KBL has infused ₹ 150,000,000/- by way of preference shares during the current year and will continue to support its operations going forward as the KBL management is confident of its growth and expects a turnaround in the near future. In view of the same and taking into consideration the realizable value of TKSL's assets, diminution in value of KBL's investment in TKSL is temporary in nature and as such no provision for the same is considered necessary as per AS-13, Accounting for Investment, notified under The Companies (Accounts) Rules, 2014.
- C-27** The company as per its policy on Corporate Social Responsibility has spent ₹ 45,000,000/- towards education in the current financial year through a registered trust and debited surplus account under Reserves and Surplus.
- C-28** The previous year's figures have been regrouped / rearranged wherever necessary to conform to current year's disclosure. Figures in bracket relate to previous year.

Form AOC - I
Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures
Part "A": Subsidiaries

₹

Sr. No	Name of the Subsidiary	Reporting period	Reporting Currency	Exchange Rate	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	% of Holding
1	Karad Projects & Motors Pvt. Limited	01/04/2014 To 31/03/2015	INR	N A	139,524,500	521,078,689	1,393,667,501	733,064,312	349,129	2,451,284,176	27,612,973	14,741,783	12,871,190	6,976,225	100
2	Kirloskar Corrocoat Pvt. Limited	01/04/2014 To 31/03/2015	INR	N A	50,000,000	54,225,323	313,746,931	209,521,608	-	712,958,555	162,884,655	54,925,819	107,958,836	100,000,000	65
3	The Kolhapur Steel Limited	01/04/2014 To 31/03/2015	INR	N A	167,000,000	(203,817,234)	254,989,966	291,806,200	-	301,746,892	(101,754,174)	(7,650,145)	(94,104,029)	-	95.96
4	Kirloskar Systech Limited	01/04/2014 To 31/03/2015	INR	N A	900,000	70,128,589	101,450,143	30,421,554	-	203,124,070	48,222,022	15,643,269	32,578,753	9,000,000	100
5	SPP Pumps Limited	01/01/2014 To 31/12/2014	GBP	98.4480	191,973,600	1,738,253,905	4,000,476,517	2,070,249,012	-	5,772,453,588	528,266,652	108,683,442	419,583,210	-	100
6	SPP Pumps France EURL	01/01/2014 To 31/12/2014	EURO	77.0890	29,521,849	(31,873,295)	123,874,083	126,225,529	-	236,224,748	18,501,823	-	18,501,823	-	100
7	SPP (South Africa) Pty. Limited	01/01/2014 To 31/12/2014	RAND	5.4424	914,541	15,924,571	174,943,107	158,103,995	-	271,725,089	(57,149,434)	(18,968,195)	(38,181,239)	-	100
8	SPP Pumps LP	01/01/2014 To 31/12/2014	USD	63.3800	31,690,000	220,999,955	797,484,744	544,794,789	-	1,604,479,983	68,025,011	28,817,111	39,207,900	-	100
9	SPP Pumps Real Estate LLC	01/01/2014 To 31/12/2014	USD	63.3800	-	(406,394)	274,671,364	275,077,758	-	-	(98,660)	-	(98,660)	-	100
10	Kirloskar Brothers International B V	01/01/2014 To 31/12/2014	EURO	77.0890	472,740,584	973,371,747	1,447,499,460	1,387,129	1,090,135,083	102,302,288	104,982,664	-	104,982,664	-	100
11	Kirloskar Pompen B.V	01/01/2014 To 31/12/2014	EURO	77.0890	15,417,800	85,580,662	265,916,810	164,918,348	-	402,542,723	34,635,625	2,263,950	32,371,675	-	100
12	Micawber 784 (Proprietary) Limited	01/01/2014 To 31/12/2014	RAND	5.4424	101,972,817	(71,904,102)	144,860,970	114,792,255	-	2,250,454	(72,982,394)	54,424	(73,036,818)	-	100
13	Braybar Pumps (Proprietary) Limited	01/01/2014 To 31/12/2014	RAND	5.4424	544	33,613,057	194,053,735	160,440,134	-	164,310,981	(15,331,127)	(4,212,663)	(11,118,464)	-	100
14	Kirloskar Brothers(Thailand) Limited	01/01/2014 To 31/12/2014	Baht	1.9264	19,264,000	(30,848,936)	209,753,991	221,338,927	-	365,513,036	(1,499,331)	(169,970)	(1,329,361)	-	100
15	SPP Pumps (MENA) L.L.C.	01/01/2014 To 31/12/2014	EGP	8.8612	2,659,260	(113,176,900)	85,965,012	196,482,652	-	6,968,458	(23,932,826)	2,081,022	(26,013,848)	-	100
16	SyncoFlo, Inc.	01/01/2014 To 31/12/2014	USD	63.3800	7,106,546	64,238,086	456,342,637	384,998,005	-	115,612,472	(11,298,008)	(3,837,405)	(7,460,603)	-	100
17	Kirloskar Brothers International Pty Limited	01/01/2014 To 31/12/2014	RAND	5.4424	544	34,532	355,389	320,312	1,088	353,756	47,958	13,426	34,532	-	100

Details of Certified Engines Limited, SPP Pumps Management LLC, SPP Pumps Holdings LLC and SPP France SAS are not provided, as yet to commence operations.

PART "B": ASSOCIATES AND JOINT VENTURES

**Statement pursuant to Section 129 (3) of the Companies Act, 2013
related to Associate Companies and Joint Venture**

Name of Joint Venture	Kirloskar Ebara Pumps Limited
1. Latest audited Balance Sheet Date	March 31, 2015
2. Share of Joint Venture held by the company on the year end	
No of shares	225,000
Amount of Investment in Joint Venture	2,747,272
Extend of Holding %	45%
3. Description of how there is significant influence	Holding more than 20%
4. Reason why the joint venture is not consolidated	Not Applicable
5. Networth attributable to Shareholding as per latest audited Balance Sheet	524,102,110
6. Profit for the year	
(i) Considered in Consolidation	72,859,822
(ii) Not Considered in Consolidation	Not Applicable

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF KIRLOSKAR BROTHERS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Kirloskar Brothers Limited ("the Company") and its subsidiaries (collectively referred to as "The Group"), and jointly controlled entity which comprise the consolidated Balance Sheet as at March 31st 2015, the consolidated Profit and Loss Statement and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group and jointly controlled entity in accordance with accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31st, 2015;
- (b) in the case of the consolidated Profit and Loss Statement, of the profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date

Emphasis of Matter

We draw attention to the following matters in the Notes to the consolidated financial statements:

- a. In respect of Kirloskar Brother Limited - We draw attention to the matter in Note Part B-14 regarding justification given by the management for non-provision for diminution in the value of its long term investment in its subsidiary company The Kolhapur Steel Limited. As explained in the note, in the opinion of the management, diminution in the value is temporary in nature for the reasons given therein.
- b. In respect of The Kolhapur Steel Limited – The Company has accumulated losses and its net worth has been fully eroded, the Company has incurred a netloss/net cash loss during the current and previous year(s) and, the Company's current liabilities exceeded its current assets as at the balance sheet date. These conditions, along with other matters set forth in Note Part B-15, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of these matters.

Other Matters

We did not audit the financial statements of certain subsidiaries, and a jointly controlled entity, whose financial statements reflect total assets of ₹ 7,220,181,275/- as at 31st March, 2015, total revenues of ₹ 10,511,208,369/- and net cash flows amounting to ₹ 25,423,263/- for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries and jointly controlled entity, and our report in terms of sub-sections (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries and jointly controlled entity, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

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

Abhijeet Bhagwat
Partner
Membership No.: 136835

Pune : April 27, 2015

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2015

Particulars		Note No.	Figures as at March 31, 2015	Figures as at March 31, 2014
I. EQUITY AND LIABILITIES				
1 Shareholders' funds				
(a) Share capital	A-1		158,776,352	158,716,902
(b) Reserves and surplus	A-2		9,957,561,124	9,798,641,992
(c) Money received against share warrants			-	-
			10,116,337,476	9,957,358,894
2 Share application money pending allotment			-	-
3 Minority Interest				
Capital			18,188,500	18,188,500
Reserves and Surplus			18,290,363	19,526,710
			36,478,863	37,715,210
4 Non-current liabilities				
(a) Long-term borrowings	A-3		515,312,020	324,092,353
(b) Deferred tax liabilities (net)	A-4		-	-
(c) Other long term liabilities	A-5		1,114,041,322	1,009,292,354
(d) Long-term provisions	A-6		177,812,575	163,096,498
			1,807,165,917	1,496,481,205
5 Current liabilities				
(a) Short-term borrowings	A-7		2,963,855,390	2,625,045,499
(b) Trade payables			6,254,623,157	5,826,683,409
(c) Other current liabilities	A-8		4,486,211,451	5,141,985,105
(d) Short-term provisions	A-9		582,931,440	671,536,097
			14,287,621,438	14,265,250,110
TOTAL			26,247,603,694	25,756,805,419
II. ASSETS				
1 Non-current assets				
(a) Fixed assets				
(i) Tangible assets	A-10		4,985,997,448	4,637,571,849
(ii) Intangible assets	A-10		723,580,517	788,745,286
(iii) Capital work-in-progress			120,787,135	99,341,950
(iv) Intangible assets under development			-	4,716,417
(b) Non-current investments			349,329	11,349,329
(c) Deferred tax assets (net)	A-4		162,953,832	21,945,363
(d) Long-term loans and advances	A-11		1,562,853,241	1,775,796,266
(e) Other non-current assets	A-12		1,107,039,375	941,551,205
			8,663,560,877	8,281,017,665
2 Current assets				
(a) Current investments			-	104,568,570
(b) Inventories	A-13		3,387,017,843	2,740,548,694
(c) Trade receivables	A-14		7,877,129,354	6,794,585,643
(d) Cash and bank balances	A-15		637,420,136	716,591,620
(e) Short-term loans and advances	A-16		1,475,066,252	2,153,237,512
(f) Other current assets	A-17		4,207,409,232	4,966,255,715
			17,584,042,817	17,475,787,754
TOTAL			26,247,603,694	25,756,805,419

Notes to accounts

Part- B

The notes referred to above and accompanying notes form an integral part of the consolidated 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 KIRLOSKAR
Chairman & Managing Director
DIN : 00007885

S. N. INAMDAR
Director
DIN: 00025180

ABHIJEET BHAGWAT
Partner
Pune : April 27, 2015

SANDEEP PHADNIS
Company Secretary

UMESH R. SHASTRY
CFO & Vice President (Finance)
Pune : April 27, 2015

CONSOLIDATED PROFIT AND LOSS STATEMENT FOR YEAR ENDED MARCH 31, 2015

₹

Particulars	Note No.	2014-15	2013-14
I. Revenue from operations	A-18	28,457,269,143	28,086,440,069
Less: Excise duty		1,178,736,201	1,182,826,007
		27,278,532,942	26,903,614,062
II. Other income	A-19	172,406,043	121,050,478
III. Total Revenue (I + II)		27,450,938,985	27,024,664,540
IV. Expenses:			
Cost of materials consumed	A-20	15,453,007,996	14,280,219,139
Purchases of Stock-in-Trade		1,231,567,417	1,333,601,479
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	A-20	(645,790,061)	951,162,275
Employee benefits expense	A-21	4,161,282,099	3,619,735,809
Finance costs	A-22	504,569,549	513,783,587
Depreciation and amortization expense		947,064,533	548,394,930
Other expenses	A-23	5,173,970,179	4,724,611,667
Total expenses		26,825,671,712	25,971,508,886
V. Profit before exceptional and extraordinary items and tax (III-IV)		625,267,273	1,053,155,654
VI. Exceptional items		-	-
VII. Profit before extraordinary items and tax (V - VI)		625,267,273	1,053,155,654
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII- VIII)		625,267,273	1,053,155,654
X. Tax expense:			
(1) Current tax		264,829,205	392,357,572
(2) Deferred tax		(106,837,620)	6,618,225
(3) Short provision of income tax on account of earlier years		14,737,145	291,238
		172,728,730	399,267,035
XI. Profit (Loss) for the period from continuing operations (IX-X)		452,538,543	653,888,619
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit/(Loss) from discontinuing operations (after tax) (XII-XIII)		-	-
XV. Profit (Loss) for the period (XI - XIV)		452,538,543	653,888,619
XVI. Less : Minority Interest		41,540,479	13,147,566
XVII. Profit (Loss) for the period (XV- XVI)		410,998,064	640,741,053
XVIII. Earnings per equity share having nominal value of Rs. 2/- per	B-9		
(1) Basic		5.18	8.07
(2) Diluted		5.18	8.07

Notes to accounts

Part- B

The notes referred to above and accompanying notes form an integral part of the consolidated profit and loss statement.

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
DIN : 00007885

S. N. INAMDAR
Director
DIN: 00025180

ABHIJEET BHAGWAT
Partner
Pune : April 27, 2015

SANDEEP PHADNIS
Company Secretary

UMESH R. SHASTRY
CFO & Vice President (Finance)
Pune : April 27, 2015

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

Particulars		2014-15	2013-14
A	Cash flows from Operating Activities		
	Net Profit before Taxes and Extraordinary Items	625,267,273	1,053,155,654
	Adjustments for :-		
1	Depreciation / Amortization	947,064,533	548,394,930
2	Diminution in value of Asset held for disposal	2,842,776	—
3	(Profit)/Loss on sale of Fixed Assets	23,903,925	86,211,440
4	Employees Stock Option - Compensation debited to Profit and Loss Account (Net)	4,180,645	(31,284,441)
5	Bad debts, advances and claims written off	251,122,933	107,609,629
6	Provision for doubtful debts, advances and claims	143,473,581	61,832,352
7	Interest Income	(27,575,362)	(34,435,347)
8	Dividend Income	(5,566,432)	(3,126,763)
9	Interest Expenses	387,961,965	401,415,157
10	Unrealized exchange (gain)/ loss - Others	3,860,814	(12,481,224)
11	(Profit) / Loss on sale of investment	(8,777,512)	(267,403)
12	Excess provision written back	(19,262,867)	(4,353,574)
13	Sundry credit balances written back	(3,808,272)	(242,579)
	Operating Profit Before Working capital changes	2,324,688,000	2,172,427,831
	Adjustments for :-		
1	(Increase)/ decrease in Inventories	(571,457,395)	1,107,876,533
2	(Increase)/ decrease in Trade and Other Receivables	(14,719,774)	(873,948,271)
3	Increase/ (decrease) in Trade and other Payables	(154,681,364)	(148,058,142)
4	Cash Generated from Operations	1,583,829,467	2,258,297,951
5	Income tax (paid) / refunded	(310,006,829)	(367,697,862)
	Net Cash from Operating Activities	1,273,822,638	1,890,600,089
B	Cash flows from Investing Activities		
1	Purchase of Fixed Assets	(1,331,662,871)	(685,889,220)
2	Sale of Fixed Assets	41,055,560	34,020,436
3	(Purchase)/sale of Investments	(99,413,179)	(143,499,927)
4	Interest Received	21,157,527	44,582,749
5	Dividend Received	39,066,520	9,346,511
	Net Cash from Investment Activities	(1,329,796,443)	(741,439,451)
C	Cash Flows from Financing Activities		
1	Proceeds from borrowing	1,865,588,377	810,446,449
2	Repayment of borrowings	(1,341,202,767)	(1,325,841,505)
3	Interest Paid	(405,415,343)	(402,574,769)
4	Dividend Paid	(250,030,082)	(177,584,060)
5	Tax on Dividend	(40,405,576)	(25,728,083)
6	Proceeds from issuance of share capital	195,699,450	—
7	CSR payment debited to reserves	(45,886,000)	—
	Net Cash used in Financing Activities	(21,651,941)	(1,121,281,968)
	Unrealized Exchange Gain / (Loss) in cash and cash equivalents	(7,595,438)	1,538,654
	Net Increase in Cash and Cash Equivalents	(85,221,184)	29,417,324
1	Cash & Cash Equivalents at beginning of period (refer note part A -15 (a))	712,947,020	683,529,696
2	Cash & Cash Equivalents at end of period (refer note part A - 15 (a))	627,725,836	712,947,020

As per our report of even date attached

For M/s P.G. Bhagwat
Chartered Accountants

ABHIJEET BHAGWAT
Partner
Pune : April 27, 2015

SANJAY KIRLOSKAR
Chairman & Managing Director
DIN : 00007885

SANDEEP PHADNIS
Company Secretary

For and on behalf of the Board of Directors

S. N. INAMDAR
Director
DIN: 00025180

UMESH R. SHASTRY
CFO & Vice President (Finance)
Pune : April 27, 2015

NOTES TO CONSOLIDATED ACCOUNTS: PART A

₹

Particulars	Figures as at March 31, 2015	Figures as at March 31, 2014
Note : A-1		
Share Capital		
Authorised		
250,000,000 (250,000,000) equity shares of ₹ 2/- each (₹ 2/- each)	500,000,000	500,000,000
Issued, subscribed & fully paid up		
79,388,176 (79,358,451) equity shares of ₹ 2/- each (₹ 2/- each)	158,776,352	158,716,902
TOTAL	158,776,352	158,716,902

a) Reconciliation of share capital

Particulars	Figures as at March 31, 2015		Figures as at March 31, 2014	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	79,358,451	158,716,902	79,358,451	158,716,902
Shares Issued during the year under ESOS	29,725	59,450	-	-
Shares outstanding at the end of the year	79,388,176	158,776,352	79,358,451	158,716,902

b) Rights of equity shareholder:

The company has only one class of equity shares, having par value of ₹ 2/- per share. Each holder of equity share is entitled to one vote per share and has a right to receive dividend as recommended by the board of directors subject to the necessary approval from the shareholders. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

For the year ended March 31, 2015 the board of directors have proposed dividend of ₹ 0.50 (₹ 2.50) per share subject to shareholders' approval.

c) Details of share holders holding more than 5% shares

Name of the shareholder	Figures as at March 31, 2015		Figures as at March 31, 2014	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Kirloskar Industries Limited	18,988,038	23.92%	18,988,038	23.93%
Mr. Sanjay Chandrakant Kirloskar *	15,863,335	19.98%	15,850,121	19.97%
Mrs. Pratima Sanjay Kirloskar	13,754,056	17.33%	13,736,770	17.31%
Amansa Capital Pte. Ltd.	4,809,712	6.06%	4,298,110	5.42%

* includes 1,624,615 (1,624,615), 2% (2%) shares held in the capacity of a trustee.

d) Shares reserved for Employee Stock Option Scheme (ESOS)

Particulars	Figures as at March 31, 2015		Figures as at March 31, 2014	
	No. of Shares	₹	No. of Shares	₹
Shares reserved for ESOS scheme	5,182,590	10,365,180	5,212,315	10,424,630

NOTES TO CONSOLIDATED ACCOUNTS: PART A (CONTD.)

₹

Particulars	Figures as at March 31, 2015	Figures as at March 31, 2014
Note : A-2		
Reserves & Surplus		
(a) Capital Reserves	6,587,204	6,587,204
(b) Capital Redemption Reserve	9,236,726	9,236,726
(c) Securities Premium Reserve		
Opening balance	406,726,221	406,726,221
Add : Securities premium credited on share issue	4,557,068	-
Closing balance	411,283,289	406,726,221
(d) Share Options Outstanding Account		
Opening balance	4,110,414	35,394,855
Less : Written back in current year	376,423	31,284,441
Closing balance	3,733,991	4,110,414
(e) Foreign currency translation reserve		
Opening balance	386,562,286	116,663,061
Add : Current year transfer	(121,658,684)	269,899,225
Closing balance	264,903,602	386,562,286
(f) General Reserve		
Opening balance	6,802,859,728	6,751,378,811
Add : Transfer from surplus	16,303,759	51,480,917
Closing balance	6,819,163,487	6,802,859,728
(g) Surplus		
Opening balance	2,182,559,413	1,823,827,506
Less : As per Schedule II note 7 (b) of Companies Act 2013	46,428,579	-
Add : Net Profit for the current year	410,998,064	640,741,053
Balance available for appropriation	2,547,128,898	2,464,568,559
Less : Appropriations :		
Corporate social responsibility (CSR) spend	45,886,000	-
Proposed dividend	40,819,088	198,396,128
Tax on dividend	1,467,226	32,132,101
Transfer to general reserve	16,303,759	51,480,917
	104,476,073	282,009,146
Closing balance	2,442,652,825	2,182,559,413
TOTAL	9,957,561,124	9,798,641,992

NOTES TO CONSOLIDATED ACCOUNTS: PART A (CONTD.)

₹

Particulars	Figures as at March 31, 2015	Figures as at March 31, 2014
Note : A-3		
Long Term Borrowings		
Secured		
(a) Term loans from banks	423,482,868	267,522,357
(b) Long term maturities of finance lease obligations	-	149,858
Unsecured		
(a) From others		
(i) Interest free loan under sales tax deferral scheme	33,583,769	43,174,796
(ii) Long term maturities of finance lease obligations	58,245,383	13,245,342
TOTAL	515,312,020	324,092,353

Note : A- 4		
Deferred Tax (Assets) / Liabilities (net)		
(a) Deferred Tax Liabilities		
(i) On depreciation / amortization of fixed assets	171,026,166	239,023,631
(ii) On other timing differences	2,425,661	2,585,634
TOTAL	173,451,827	241,609,265
(b) Deferred Tax Assets		
(i) On employees voluntary retirement schemes	993,834	2,008,239
(ii) On provision for doubtful debts / advances	193,282,504	159,093,183
(iii) On provision for employee benefits	84,525,760	83,609,649
(iv) On other timing differences	57,603,561	18,843,557
TOTAL	336,405,659	263,554,628
NET	162,953,832	21,945,363

Note : A-5		
Other Long Term Liabilities		
(a) Trade Payables	320,195,808	262,355,645
(b) Others		
(i) Advances and deposits received from Customers	538,343,485	438,561,696
(ii) Gross amount due to customers for project related contract work (refer note part B-6)	255,502,029	308,375,013
TOTAL	1,114,041,322	1,009,292,354

NOTES TO CONSOLIDATED ACCOUNTS: PART A (CONTD.)

₹

Particulars	Figures as at March 31, 2015	Figures as at March 31, 2014
Note : A-6		
Long Term Provisions		
(a) Provision for employee benefits		
(i) Leave encashment	117,468,408	106,360,690
(ii) Pension scheme	25,235,040	23,243,530
(iii) Gratuity	28,620,842	23,819,122
(b) Others		
(i) Provision for product warranty	6,488,285	9,673,156
TOTAL	177,812,575	163,096,498

Note : A-7		
Short Term Borrowings		
Secured		
(a) Loans repayable on demand from banks		
(i) Working capital demand loans	400,000,000	200,000,000
(ii) Cash / export credit facilities	1,485,279,861	524,875,935
(b) Other loans and advances	373,575,529	302,190,735
Unsecured		
(a) Rupee short term loans and advances from banks		
(i) Bank of India	-	500,000,000
(ii) Citi Bank N.A	300,000,000	50,000,000
(iii) Citi Financial Consumer Finance India Ltd.	-	1,000,000,000
(iv) Credit Agricole Corporate & Investment Bank	350,000,000	-
(b) Other loans and advances	55,000,000	47,978,829
TOTAL	2,963,855,390	2,625,045,499

NOTES TO CONSOLIDATED ACCOUNTS: PART A (CONTD.)

₹

Particulars	Figures as at March 31, 2015	Figures as at March 31, 2014
Note : A-8		
Other Current Liabilities		
(a) Current maturities of long-term debt	75,369,021	17,239,371
(b) Interest accrued but not due on borrowings	8,562,639	43,660,134
(c) Investor Education & Protection fund (will be credited as and when due)		
(i) Unpaid dividends	44,176,299	44,810,253
(d) Other payables		
(i) Gross amount due to customers for project related contract work (refer note part B-6)	1,667,468,282	1,938,241,827
(ii) Advances from customers	956,248,935	1,100,598,313
(iii) Trade deposits	50,003,652	74,342,426
(iv) Salary & Reimbursements	346,410,343	380,302,935
(v) Contribution to PF & Superannuation	33,662,413	29,350,657
(vi) Statutory dues	509,699,219	700,350,080
(vii) Payables on account of purchases of fixed assets	37,663,128	37,839,447
(viii) Provision for expenses	756,957,520	775,249,662
TOTAL	4,486,211,451	5,141,985,105

Note : A-9		
Short Term Provisions		
(a) Provision for employee benefits		
(i) Gratuity	54,575,732	37,714,740
(ii) Leave encashment	136,830,661	108,978,166
(b) Others		
(i) Proposed dividend	75,819,088	215,896,128
(ii) Dividend distribution tax	8,465,126	34,971,038
(iii) Provision for income tax (net of advance tax)	57,416,472	87,251,743
(iv) Provision for loss on long term contracts	24,952,769	27,100,184
(v) Provision for product warranty	220,586,375	152,631,678
(vi) Other short term provisions	4,285,217	6,992,420
TOTAL	582,931,440	671,536,097

NOTES TO CONSOLIDATED ACCOUNTS: PART A (CONTD.)

Note A 10: Tangible and Intangible Assets

₹

	Tangible Assets						Intangible assets				
	Land Free/ Lease Hold	Buildings	Plant & Equipment	Furniture & Fixture & office equipment	Vehicles	Railway Siding	Total	Goodwill	Computer Software	Other Intangible	Total
Gross Block											
At 01.04.2013	416,971,306	2,159,350,984	4,605,754,703	400,041,495	97,434,027	1,663,757	7,681,216,272	732,096,376	196,937,345	14,371,340	943,405,061
Additions											
Additions during the year	-	147,111,467	545,487,919	10,529,511	14,296,902	-	717,425,799	40,518,536	14,241,792	-	54,760,328
Exchange difference	107,775,333	(30,857,403)	64,941,870	85,610,547	(5,741,202)	-	221,729,145	-	277,595	-	277,595
	107,775,333	116,254,064	610,429,789	96,140,058	8,555,700	-	939,154,944	40,518,536	14,519,387	-	55,037,923
Deductions											
Deductions during the year	-	-	371,918,155	914,538	17,378,375	17,355	390,228,423	-	3,297,652	-	3,297,652
Impairment	-	-	12,200,000	-	-	-	12,200,000	-	-	-	-
At 31.03.2014	524,746,639	2,275,605,048	4,832,066,337	495,267,015	88,611,352	1,646,402	8,217,942,793	772,614,912	208,159,080	14,371,340	995,145,332
Reorganisation of opening block	-	-	(225,960)	225,960	-	-	-	-	-	-	-
As on 1.04.2014	524,746,639	2,275,605,048	4,831,840,377	495,492,975	88,611,352	1,646,402	8,217,942,793	772,614,912	208,159,080	14,371,340	995,145,332
Additions											
Addition through acquisition	5,916,888	-	31,391,063	-	1,014,613	-	38,322,564	-	-	-	-
Additions during the year	232,216,482	330,016,396	621,529,551	83,232,525	15,911,073	89,720	1,282,995,747	18,620,842	19,859,022	70,062,005	108,541,869
Exchange difference	(199,934)	(18,511,189)	(30,390,322)	(9,415,716)	(1,258,596)	-	(59,775,757)	(30)	1,404,074	2,320,608	3,724,652
Additions/ Assets acquired / transferred	237,933,436	311,505,207	622,530,292	73,816,809	15,667,090	89,720	1,261,542,554	18,620,812	21,263,096	72,382,613	112,266,521
Deductions											
Asset held for sale	-	-	8,560,294	-	-	-	8,560,294	-	101,660	-	101,660
At 31.03.2015	762,680,075	2,558,989,734	5,320,342,180	564,132,737	97,140,597	1,736,122	9,305,021,445	791,235,724	229,320,516	86,753,953	1,107,310,193
Depreciation / Amortisation											
At 01.04.2013	611,192	284,701,837	2,527,220,394	238,935,794	51,984,217	1,571,807	3,105,025,241	16,324,711	165,948,491	4,963,238	187,236,440
For the year	408,589	54,915,910	437,780,657	10,658,222	10,145,677	19,367	513,928,422	-	18,960,615	3,305,891	22,266,506
Impairment	-	-	12,200,000	-	-	-	12,200,000	-	-	-	-
Exchange difference	-	13,834,147	9,559,888	75,749,311	(5,480,934)	-	93,662,412	-	191,540	-	191,540
For the year including on Assets Acquired	408,589	68,750,057	459,540,545	86,407,533	4,664,743	19,367	619,790,834	-	19,152,155	3,305,891	22,458,046
Recouped	-	-	131,147,197	236,277	13,047,863	13,794	144,445,131	-	3,294,440	-	3,294,440
At 31.03.2014	1,019,781	353,451,894	2,855,613,742	325,107,050	43,601,097	1,577,380	3,580,370,944	16,324,711	181,806,206	8,269,129	206,400,046
Reorganisation of opening block	-	-	3,241,722	(3,241,722)	-	-	-	-	-	-	-
As on 1.04.2014	1,019,781	353,451,894	2,858,855,464	321,865,328	43,601,097	1,577,380	3,580,370,944	16,324,711	181,806,206	8,269,129	206,400,046
For the year											
Transfer to Retained Earnings	2,060,163	73,676,271	663,417,645	25,344,587	13,574,934	10,611	778,084,211	137,460,663	15,230,126	16,289,533	168,980,322
Exchange difference	-	1,441,157	63,963,332	4,102,839	467,741	-	69,975,069	-	29,000	-	29,000
For the year including on Assets Acquired	-	21,788,433	(73,297,511)	24,429,409	(1,209,430)	-	(28,289,099)	6,136,103	206,385	2,079,480	8,421,968
Recouped	2,060,163	96,905,861	654,083,466	53,876,835	12,833,245	10,611	819,770,181	143,596,766	15,465,511	18,369,013	177,431,290
Recouped on asset transferred as held for sale	-	125,278	69,805,156	4,920,074	3,549,102	-	78,399,610	-	101,660	-	101,660
At 31.03.2015	3,079,944	450,232,477	3,440,416,256	370,822,089	52,885,240	1,587,991	4,319,023,997	159,921,477	197,170,057	26,638,142	383,729,676
Net Block											
As at 31.03.2014	523,726,858	1,922,153,154	1,976,452,595	170,159,965	45,010,255	69,022	4,637,571,849	756,290,201	26,352,874	6,102,211	788,745,286
As at 31.03.2015	759,600,131	2,108,757,257	1,879,925,924	193,310,648	44,255,357	148,131	4,985,997,448	631,314,247	32,150,459	60,115,811	723,580,517

NOTES TO CONSOLIDATED ACCOUNTS: PART A (CONTD.)

₹

Particulars	Figures as at March 31, 2015	Figures as at March 31, 2014
Note : A-11		
Long Term Loans and Advances		
(a) Capital advances		
Unsecured, considered good	32,099,827	251,120,657
(b) Security deposits		
Unsecured, considered good	288,051,349	253,346,503
Doubtful	23,605,612	8,160,304
	311,656,961	261,506,807
Less : Provision for doubtful deposits	23,605,612	8,160,304
	288,051,349	253,346,503
(c) Other loans and advances		
(i) Advances to suppliers and others		
Unsecured, considered good	144,538,151	203,484,012
Doubtful	138,409,924	138,084,165
	282,948,075	341,568,177
Less : Provision for doubtful advances	138,409,924	138,084,165
	144,538,151	203,484,012
(ii) Prepaid expenses	22,650,363	11,814,239
(iii) Advance Income tax (net of provision)		
Unsecured, considered good	1,075,513,551	1,056,030,855
TOTAL	1,562,853,241	1,775,796,266

Note : A-12		
Other Non Current Assets		
(a) Long term trade receivables		
Unsecured, considered good	115,178,478	234,872,257
Doubtful	420,555,938	338,299,039
	535,734,416	573,171,296
Less : Provision for doubtful receivables	420,555,938	338,299,039
	115,178,478	234,872,257
(b) Others		
(i) Claims receivables		
Unsecured, considered good	86,005,396	91,000,519
Doubtful	192,585,767	192,585,767
	278,591,163	283,586,286
Less : Provision for doubtful claims	192,585,767	192,585,767
	86,005,396	91,000,519
(ii) Gross amount due from customers (refer note part B-6)		
Unsecured, considered good	231,532,009	159,133,939
(iii) Fixed deposits with bank for maturity of more than 12 months		
Unsecured, considered good	20,099,319	26,913,546
(iii) Retentions	654,224,173	429,630,944
TOTAL	1,107,039,375	941,551,205

NOTES TO CONSOLIDATED ACCOUNTS: PART A (CONTD.)

₹

Particulars	Figures as at March 31, 2015	Figures as at March 31, 2014
Note : A -13		
Inventories		
(a) Raw Materials *	1,144,234,837	1,144,300,771
(b) Work-in-progress	1,106,836,444	831,390,541
(c) Finished goods	856,318,272	521,694,745
(d) Stock-in-trade **	183,672,914	147,952,283
(e) Stores and spares	95,955,376	95,210,354
* Include goods in transit - ₹ 7,439,959 (PY ₹ 6,466,855/-)		
** Include goods in transit - ₹ 1,840,994 (PY ₹ 5,371,048/-)		
TOTAL	3,387,017,843	2,740,548,694

Note : A-14		
Trade receivables		
(i) Trade receivables outstanding for a period exceeding six months from the date they are due for payment Unsecured, considered good	1,879,509,991	1,158,617,269
(ii) Trade receivables outstanding for a period less than six months from the date they are due for payment Unsecured, considered good	5,997,619,363	5,635,968,374
TOTAL	7,877,129,354	6,794,585,643

Note : A-15		
Cash & Bank Balances		
(a) Cash & cash equivalents		
(i) Cash on hand	4,262,158	2,896,104
(ii) Balances with banks	579,286,346	665,240,663
(iii) Earmarked balances with banks Unpaid dividend accounts	44,177,332	44,810,253
	627,725,836	712,947,020
(b) Other bank balances		
Fixed deposits (more than 3 months but less than 12 months)	9,694,300	3,644,600
TOTAL	637,420,136	716,591,620

NOTES TO CONSOLIDATED ACCOUNTS: PART A (CONTD.)

₹

Particulars	Figures as at March 31, 2015	Figures as at March 31, 2014
Note : A-16		
Short term loans and advances		
(a) Others		
(i) Security deposits		
Unsecured, considered good	959,700,705	1,169,592,953
(ii) Advances to suppliers and others		
Unsecured, considered good	257,289,978	793,324,555
(iii) Advance Income Tax (net of Provision for Tax)		
Unsecured, considered good	135,105,461	89,403,308
(iv) Prepaid Expenses	122,970,108	100,916,696
TOTAL	1,475,066,252	2,153,237,512

Note : A-17		
Other current assets		
(i) Interest accrued on investments & deposits		
Unsecured, considered good	5,575,686	1,625,591
(ii) Claims receivables		
Unsecured, considered good		
a) Excise, service tax, customs duty	372,139,092	347,233,004
b) Sales tax, value added tax	792,562,133	721,549,312
c) Insurance & others	102,870,210	118,446,768
(iii) Gross amount due from customers (refer note part B -6)	250,701,155	603,862,103
(iv) Retentions	2,680,560,956	3,173,538,937
(v) Other current assets	3,000,000	-
TOTAL	4,207,409,232	4,966,255,715

Particulars	2014-15	2013-14
Note : A-18		
Revenue from operations		
Sale of products	25,146,995,301	23,614,051,040
Less : Excise duty	1,178,736,201	1,182,826,007
	23,968,259,100	22,431,225,033
Project related revenue	2,430,325,496	3,750,258,489
Sale of services	432,158,174	421,432,272
	26,830,742,770	26,602,915,794
Other operating revenues	447,790,172	300,698,268
TOTAL	27,278,532,942	26,903,614,062

NOTES TO CONSOLIDATED ACCOUNTS: PART A (CONTD.)

₹

Particulars	2014-15	2013-14
Note : A-19		
Other Income		
(a) Interest Income		
(i) from banks	13,016,230	6,336,949
(ii) From customers	5,767,209	4,985,209
(iii) From others	8,791,923	23,536,025
(b) Dividend income from long term investments		
(i) From others	5,566,432	3,126,763
(c) Profit on sale of long term investment	8,777,512	416,110
(d) Other non-operating income	130,486,737	82,649,422
TOTAL	172,406,043	121,050,478

Note : A-20		
Cost of material consumed		
Raw material consumed	13,844,594,243	12,926,194,414
Stores and spares consumed	976,689,637	833,091,219
Processing charges	631,724,116	520,933,506
	15,453,007,996	14,280,219,139
Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Opening Stock		
Finished goods	521,694,745	706,115,178
Work-in- progress	831,390,541	1,536,121,147
Stock in trade	147,952,283	209,963,519
	1,501,037,569	2,452,199,844
Closing Stock		
Finished goods	856,318,272	831,390,541
Work-in- progress	1,106,836,444	521,694,745
Stock in trade	183,672,914	147,952,283
	2,146,827,630	1,501,037,569
TOTAL	(645,790,061)	951,162,275

Note : A-21		
Employee benefits expense		
Salaries, wages and bonus	3,616,772,558	3,148,727,275
Contribution to provident fund, superannuation fund and E.S.I	264,752,533	234,939,534
Gratuity	56,206,882	36,242,644
Welfare expenses	128,101,198	149,081,794
Pension benefits	91,268,283	82,029,003
ESOS expenses	4,180,645	(31,284,441)
TOTAL	4,161,282,099	3,619,735,809

NOTES TO CONSOLIDATED ACCOUNTS: PART A (CONTD.)

₹

Particulars	2014-15	2013-14
Note : A-22		
Finance cost		
Interest expense	387,961,965	353,919,293
Other borrowing costs	116,593,701	112,444,132
Applicable net (gain) / loss on foreign currency transactions and translation	13,883	47,420,162
TOTAL	504,569,549	513,783,587

Note : A-23		
Other expenses		
Power & fuel	382,008,247	340,815,852
Repairs and maintenance		
Plant and Machinery	169,343,155	152,248,952
Building	48,762,264	42,681,758
Other	56,599,501	45,966,822
Rent	255,826,207	244,324,747
Rates and taxes	102,469,890	109,725,472
Travel and conveyance	510,547,031	547,047,918
Communication expenses	158,268,201	139,163,370
Insurance	207,470,957	213,378,349
Directors' sitting fees	5,571,300	697,000
Royalties and fees	51,537,738	53,063,748
Cash discount	149,112,081	152,018,487
Freight and forwarding charges	515,080,192	494,629,884
Brokerage and commission	414,364,225	230,933,506
Advertisements and publicity	269,664,881	201,490,060
Provision for product warranty	124,725,115	128,345,026
Loss on sale/disposal of fixed assets	23,903,925	88,117,311
Bad debts, advances and claims written off	251,122,933	61,832,352
Provision for doubtful debts, advances and claims	143,473,581	107,609,629
Foreign exchange difference (net)	3,860,814	163,638,779
Security services	60,269,296	39,062,198
Professional, consultancy and legal expenses	533,350,413	308,101,796
Outside service charges	108,891,121	120,455,799
Printing & Stationery	28,222,986	22,456,800
Computer services	16,259,765	56,384,555
Training course expenses	46,989,059	32,801,183
Other Miscellaneous expenses	536,275,301	627,620,314
TOTAL	5,173,970,179	4,724,611,667

NOTES TO CONSOLIDATED ACCOUNTS: PART B

B-1 Accounting Policies

Principles 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
Kirloskar Brothers International B.V (Consolidated Financial Statements)	The Netherlands	100%	31st December, 2014
The Kolhapur Steel Limited	India	95.95%	31st March, 2015
Kirloskar Corrocoat Private Limited	India	65.00%	31st March, 2015
Kirloskar Systech Limited	India	100.00%	31st March, 2015
Karad Projects and Motors Limited	India	100.00%	31st March, 2015

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 company 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 company. Under this method, separate line items of KBL's share of the assets, liabilities, income and expenses of joint venture company are included in its consolidated financial statements.

The jointly controlled joint venture company considered in the consolidated financial statements is:

Name of the Company	Country of Incorporation	Proportion of Ownership Interest of KBL	Reporting Date
Kirloskar Ebara Pumps Limited	India	45%	31st March, 2015

NOTES TO CONSOLIDATED ACCOUNTS: PART B (CONTD.)

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

Particulars	Kirloskar Ebara Pumps Limited
Sources of Funds	
Reserves & Surplus	521,852,110
Non-current liabilities	
Long-term borrowings	1,853,773
Deferred tax liabilities (Net)	13,522,855
Long-term provisions	8,024,609
Other Long Term Liabilities	762,278
Current liabilities	
Short-term borrowings	45,904,382
Trade payables	47,455,570
Other current liabilities	78,613,228
Short-term provisions	15,830,997
Application of Funds	
Non-current assets	
Fixed assets	211,726,005
Long-term loans and advances	13,552,027
Current assets	
Current investments	-
Inventories	171,818,054
Trade receivables	184,271,653
Cash and bank balances	24,197,836
Short-term loans and advances	129,334,285
Other current assets	1,169,940

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

Particulars	Kirloskar Ebara Pumps Limited
Income	
Revenue and Other Income	765,831,436
Expenditure	
Materials consumed	330,440,883
Payments and benefits to employees	107,797,289
Operating and other expenses	204,334,881
Finance cost	697,604
Depreciation and amortization	39,129,317
Provision for Tax	13,296,087

B-2 Other Accounting Policies : Significant accounting policies

- a) They are set out in Part B: Notes forming parts of accounts of the parent company.

NOTES TO CONSOLIDATED ACCOUNTS: PART B (CONTD.)

- b) The financial statements of all Indian subsidiaries and joint venture company have been prepared to comply in all material respects with The Accounting Standards specified under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 and those of the foreign subsidiaries have been prepared in compliance with the local laws and applicable Accounting Standards.
- c) Goodwill arising on the acquisition of subsidiary undertaking and businesses, representing any excess of the value of the consideration given over the value of the identifiable assets and liabilities acquired is capitalised and written off on a straight line basis over its useful economic life which is 10 years. Provision is made for any impairment.
- d) 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 31st March 2015.

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

B-3 Claims against the company not acknowledged as debt

- (a) Alstom (Switzerland) Limited a foreign customer of KBL, has invoked Arbitration clause as per contractual provisions and issued notice of arbitration demanding a payment of EUR 5,295,000/- (₹ 359,080,425/-) and GBP 3,215,000/- (₹ 297,516,100/-) over quality issues. KBL's contention is that the pumps were supplied as per technical specifications. KBL has replied to the Alstom's notice of arbitration and made a counter claim of EUR 1,161,688/- (₹ 78,779.872/-). Both parties have appointed their respective arbitrators and the arbitrators are yet to appoint the presiding arbitrator. Once the arbitral tribunal is constituted, arbitration proceedings will commence.

	2015	2014
	₹	₹
(b) Others	411,753,531	28,267,227

NOTES TO CONSOLIDATED ACCOUNTS: PART B (CONTD.)

₹

		2015	2014
B-4	Contingent liabilities not provided for in respect of :		
	a) Guarantees:		
	By the company to Citi Bank N.A. on behalf of SPP Pumps Ltd., UK (GBP 10,500,000)	658,035,000	629,055,000
	By the company to Indian Overseas Bank Ltd. on behalf of Karad Projects and Motors Ltd.	500,000,000	500,000,000
	By the company to Citi Bank N.A. on behalf of Kirloskar Brothers (Thailand) Ltd, (USD 3,000,000)	188,010,000	179,730,000
	By the company to Citi Bank N.A. on behalf of Kirloskar Pompen B V (USD 5,000,000)	313,350,000	299,550,000
	By the company to Citi Bank N.A. on behalf of Braybar Pumps (Proprietary) Ltd.(USD 2,000,000)	125,340,000	119,820,000
	By the company to Citi Bank N.A. on behalf of Karad Projects and Motors Ltd. (USD 6,000,000)	-	359,460,000
	By the company to Weatherford Oil Tool Middle East Ltd. on behalf of SPP Pumps Ltd., UK (GBP 89,785)	8,308,345	8,934,416
	By the company to Secretary of Business of State, London, on behalf of SPP Pumps Ltd.,UK (GBP 1,120,000)	103,640,320	-
	On behalf of other companies	48,368,957	-
	b) Other money for which the company is contingently liable for		
	i) Central Excise (Matter Subjudice)	1,033,551,805	1,121,049,271
	ii) Sales Tax (Matter Subjudice)	264,848,919	193,552,873
	iii) Income Tax (Matter Subjudice)	740,894,363	739,761,010
	iv) Labour Matters (Matter Subjudice)	54,787,035	53,973,166
	v) Other Legal Cases (Matter Subjudice)	162,665,127	72,590,410
	vi) Probable claims in respect of projects	98,782,254	-
B-5	a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances):	59,025,945	248,483,520
	b) Export obligation under EPCG license	77,495,311	-
	c) Letters of credit outstandings	852,997,533	629,139,241

NOTES TO CONSOLIDATED ACCOUNTS: PART B (CONTD.)

B-6 Construction contracts:

₹

Particulars	2015	2014
a) Contract Revenue recognised as revenue for the year	2,430,325,496	3,750,258,489
b) Advances received	303,032,259	464,787,949
c) Amount of retentions	3,334,785,129	3,603,169,881
d) Gross amount due from customer		
Contract costs incurred	22,299,831,777	31,568,400,439
Add: Recognised Profits less recognised Losses	2,197,544,140	3,643,278,730
Less: Progress Billing	24,015,142,753	34,448,683,127
Net *	482,233,164	762,996,042
*[Comprises of note part A-12 (b)(ii) + note part A-17 (iii)]		
e) Gross amount due to customer		
Contract costs incurred	32,966,386,564	25,355,781,953
Add: Recognised Profits less recognised Losses	7,392,146,731	5,739,395,518
Less: Progress Billing	42,281,503,606	33,341,794,311
Net **	(1,922,970,311)	(2,246,616,840)
**[Comprises of note part A-5 (b)(ii) + note part A - 8 (d)(i)]		

NOTES TO CONSOLIDATED ACCOUNTS: PART B (CONTD.)

B-7 Details of foreign currency exposures that are not hedged by a derivative instrument or otherwise

Particulars	Currency	Amount in Foreign Currency		Equivalent Amount in ₹	
		2015	2014	2015	2014
Liability					
Trade Payables	EGP	4,435,051	7,687,118	36,345,242	66,096,914
	EUR	538,572	174,433	36,165,115	14,346,266
	GBP	744,441	61,830	68,879,099	6,242,667
	JPY	25,734	1,255,129	13,410	734,376
	OMR	-	9,404	-	1,460,956
	USD	4,718,901	3,378,939	295,076,206	202,432,232
	VND	189,989,100	189,989,100	552,044	539,035
	CHF	24,473	-	1,571,432	-
Advances received from Customers	EGP	1,942,125	838,906	15,908,527	7,213,252
	EUR	752,001	1,212,452	50,481,832	99,718,154
	GBP	5,021	96,958	463,806	9,648,164
	USD	1,857,267	2,460,889	116,069,909	147,431,870
	VND	335,246,400	335,246,400	972,215	951,158
Amount Due to Employees	EGP	110,972	110,972	909,416	954,182
Assets					
Advances to Suppliers	EGP	4,215,958	5,965,797	34,549,773	51,296,305
	EUR	177,727	424,626	11,951,502	34,923,345
	GBP	2,868	3,043	265,089	302,798
	USD	149,005	216,640	9,313,555	12,978,886
Trade Receivables	EGP	663,556	722,037	5,435,387	6,208,367
	EUR	1,133,364	2,408,910	76,084,887	198,120,818
	GBP	121,581	81,569	11,231,713	8,116,853
	SGD	-	128,799	-	6,115,258
	USD	5,284,504	5,001,053	330,255,634	299,613,071
Bank Accounts	EGP	1,757,348	2,880,392	14,417,988	24,766,763
	EUR	333	8,598	22,563	707,180
	GBP	147,638	287,714	13,661,785	24,208,777
	USD	900,117	1,685,156	56,410,358	100,957,692
	VND	720,630	852,630	2,094	2,419
Other Deposits	EGP	1,691,679	1,693,879	13,879,213	14,564,651
Amount Due from Employees	EGP	81,649	64,846	668,811	557,571
	EUR	3,158	-	211,997	-
	GBP	2,705	1,263	249,861	125,680
	USD	16,255	51,018	1,015,884	3,056,482

(EGP- Egyptian Pound, GBP - Great Britain Pound, EUR- Euro, USD - US Dollar, VND- Vietnamese Dong, SGD- Singapore Dollar, JPY - Japanese Yen, OMR - Omani Rial, CHF-Swiss Franc)

NOTES TO CONSOLIDATED ACCOUNTS: PART B (CONTD.)

B-8 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
1	Karad Projects and Motors Limited	Subsidiary Company
2	The Kolhapur Steel Limited	Subsidiary Company
3	Kirloskar Systech Limited	Subsidiary Company
4	Kirloskar Corrocoat Private Limited	Subsidiary Company
5	Kirloskar Brothers International B V	Subsidiary Company
6	SPP Pumps Limited	Subsidiary of Kirloskar Brothers International B.V.
7	Kirloskar Brothers(Thailand) Limited	Subsidiary of Kirloskar Brothers International B.V.
8	SPP Pumps (MENA) L.L.C.	Subsidiary of Kirloskar Brothers International B.V.
9	Kirloskar Pompen B.V (erstwhile Kirloskar Brothers Europe B V)	Subsidiary of Kirloskar Brothers International B.V.
10	Micawber 784 (Proprietary) Limited	Subsidiary of Kirloskar Brothers International Pty. Ltd.
11	Kirloskar Brothers International Pty. Ltd.	Subsidiary of Kirloskar Brothers International B.V.
12	SPP Pumps France EURL	Subsidiary of SPP Pumps Limited
13	Certified Engines Limited	Subsidiary of SPP Pumps Limited
14	SPP Pumps (South Africa Pty.) Limited	Subsidiary of Kirloskar Brothers International Pty. Ltd.
15	SPP Pumps Holdings LLC	Subsidiary of SPP Pumps Limited
16	SPP Pumps Management LLC	Subsidiary of SPP Pumps Limited
17	SPP France S A S	Subsidiary of SPP Pumps Limited
18	SPP Pumps LP,(doing business as SPP Pumps Inc)	Owned by Partnership firm of SPP Pumps Holding LLC and SPP Pumps Management LLC
19	SPP Pumps Real Estate LLC	Owned by SPP Pumps LP
20	Braybar Pumps (Proprietary) Limited	Subsidiary of Kirloskar Brothers International Pty. Ltd.
21	SyncroFlo Inc.	Owned by SPP Pumps LP

(B) Disclosure of related parties transactions

Sr No	Nature of transactions with related parties	2014-15		2013-14	
		Amount	Amount for Major parties *	Amount	Amount for Major parties *
1	Purchase of goods & services Joint Venture Kirloskar Ebara Pumps Limited	13,818,894	13,818,894	71,188,560	71,188,560
2	Sale of goods/contract revenue & services Joint Venture Kirloskar Ebara Pumps Limited	2,304,236		2,668,265	
3	Rendering Services Joint Venture Kirloskar Ebara Pumps Limited	9,672,081	9,672,081	2,954,041	2,334,289
					2,954,041

NOTES TO CONSOLIDATED ACCOUNTS: PART B (CONTD.)

₹

Sr No	Nature of transactions with related parties	2014-15		2013-14	
		Amount	Amount for Major parties *	Amount	Amount for Major parties *
4	Receiving Services	3,346,188		3,170,595	
	Key Management Personnel				
	Mr. Sanjay Kirloskar		915,000		841,800
	Relatives of Key Management Personnel				
	Mrs. Pratima Kirloskar		2,056,188		1,887,648
	Mr. Alok Kirloskar		375,000		-
5	Reimbursement of expenses	2,838,747		4,958,797	
	Joint Venture				
	Kirloskar Ebara Pumps Limited		2,838,747		4,958,797
6	Royalty Paid	46,982,036		49,419,916	
	Enterprises over which key management				
	Kirloskar Proprietary Limited		46,982,036		49,419,916
7	Dividend paid	69,962,453		59,098,616	
	Key Management Personnel				
	Mr. Sanjay Kirloskar		35,563,765		31,603,306
	Relatives of Key Management Personnel				
	Mrs. Pratima Kirloskar		34,375,853		27,464,600
8	Dividend received	100		150	
	Enterprises over which key management				
	Kirloskar Proprietary Limited		100		150
9	Remuneration Paid	26,086,828		57,959,063	
	Key Management Personnel				
	Mr. Sanjay Kirloskar		11,746,447		36,434,994
	Mr. J. R. Sapre		5,649,830		18,026,976
	Mr. Aseem Srivastav		3,942,093		-

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

(C) Amount due to/from related parties

Sr No	Nature of transactions with related parties	2014-15		2013-14	
		Amount	Amount for Major parties*	Amount	Amount for Major parties*
1	Accounts receivable	3,400,000		3,400,000	
	Relatives of Key Management Personnel				
	Mrs. Pratima Kirloskar		3,400,000		3,400,000
2	Amount Due	25,177,874		68,599,490	
	Joint Venture				
	Kirloskar Ebara Pumps Limited		4,475,628		18,666,119
	Enterprises over which key management personnel or their relatives exercise significant influence				
	Kirloskar Proprietary Limited		14,597,462		13,758,371
	Key Management Personnel				
	Mr. Sanjay Kirloskar		-		23,300,000
	Mr. J. R. Sapre		-		12,500,000

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

NOTES TO CONSOLIDATED ACCOUNTS: PART B (CONTD.)

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

Joint Venture	Kirloskar Ebara Pumps Limited	
1) Key Management Personnel	Mr. Sanjay Kirloskar	
	Mr.J R Sapre	
	Aseem Srivastava	
	Mr.Basant K. Grover	
	Mr. Ravindra Samant	
2) Relatives of Key Management Personnel	Mrs.Pratima Kirloskar	Wife of Mr. Sanjay Kirloskar
	Mr.Alok Kirloskar	Son of Mr. Sanjay Kirloskar
	Mrs.Suman Kirloskar	Mother of Mr. Sanjay Kirloskar
	Ms.Rama Kirloskar	Daughter of Mr. Sanjay Kirloskar
	Ms. Preeti Sapre	Daughter of Mr. J R Sapre
5) Enterprises over which key managerial personnel or their relatives exercise significant influence	Kirloskar Proprietary Limited	

B-9

Earning per Share (Basic and diluted)		In ₹
I - Basic	2015	2014
Profit for the year before tax	625,267,273	1,053,155,654
Less : Attributable tax thereto	172,728,730	399,267,035
Less : Minority interest	41,540,479	13,147,566
Profit after tax	410,998,064	640,741,053
Total Number of equity shares at the end of the year used as denominator	79,388,176	79,358,451
Basic earning per share of nominal value of ₹ 2/- each	5.18	8.07
II - Diluted		
Profit for the year before tax	625,267,273	1,053,155,654
Less : Attributable tax thereto	172,728,730	399,267,035
Less : Minority interest	41,540,479	13,147,566
Profit after tax	410,998,064	640,741,053
Total Number of equity shares at the end of the year	79,388,176	79,358,451
Add : Weighted average number of potential equity shares on account of Employee stock option	2,727	34,764
Weighted average number of shares outstanding used as denominator	79,390,903	79,393,215
Diluted earning per share of nominal value of ₹ 2/- each	5.18	8.07

NOTES TO CONSOLIDATED ACCOUNTS: PART B (CONTD.)

B-10 Particulars related to Joint Ventures :

List of Joint Venture and Jointly controlled operations

Name of the Jointly controlled operation	Description	Ownership Interest	Country of Incorporation
HCC - KBL	Jointly controlled operations	N A	India
KBL – MCCL	Jointly controlled operations	N A	India
KCCPL – IHP – BRC – TAIPPL – KBL JV	Jointly controlled operations	N A	India
IVRCL – KBL JV	Jointly controlled operations	N A	India
Maytas – KBL JV	Jointly controlled operations	N A	India
Larsen & Toubro – KBL JV	Jointly controlled operations	N A	India
KBL-MEIL-KCCPL JV	Jointly controlled operations	N A	India
KBL – PLR JV	Jointly controlled operations	N A	India
KBL – Koya – VA Tech JV	Jointly controlled operations	N A	India
KBL – PIL Consortium	Jointly controlled operations	N A	India
Larsen & Toubro – KBL – Maytas JV	Jointly controlled operations	N A	India
IVRCL – KBL – MEIL JV	Jointly controlled operations	N A	India
Pioneer – Avantica – ZVS – KBL JV	Jointly controlled operations	N A	India
AMR – Maytas – KBL – WEG JV	Jointly controlled operations	N A	India
Indu – Shrinivasa Constructions – KBL – WEG JV	Jointly controlled operations	N A	India
MEIL – KBL – IVRCL JV	Jointly controlled operations	N A	India
MEIL – Maytas – KBL JV	Jointly controlled operations	N A	India
KCCPL – TAIPPL – KBL JV	Jointly controlled operations	N A	India
KBL-SPML JV	Jointly controlled operations	N A	India
MEIL - KBL JV	Jointly controlled operations	N A	India
KIRLOSKAR - MEMWPL JV	Jointly controlled operations	N A	India
MAYTAS – MEIL – KBL JV	Jointly controlled operations	N A	India
Gondwana - KBL JV	Jointly controlled operations	N A	India
MEIL -PRASAD-KBL CONSORTIUM	Jointly controlled operations	N A	India
JCPL - MEIL - KBL CONSORTIUM	Jointly controlled operations	N A	India
KBL -PTIL UJV	Jointly controlled operations	N A	India
KBL - RATNA - JOINT VENTURE	Jointly controlled operations	N A	India
MEIL-KBL-WEG CONSORTIUM	Jointly controlled operations	N A	India
MEIL-KBL- (KDWS) JV	Jointly controlled operations	N A	India
KBL and TCIPL JOINT VENTURE	Jointly controlled operations	N A	India
ACPL & KBL JV	Jointly controlled operations	N A	India
Kirloskar Brothers Ltd. JV	Jointly controlled operations	N A	India
ITD CEMENTATION INDIA LIMITED JV	Jointly controlled operations	N A	India
GSJ - KBL JV	Jointly controlled operations	N A	India
JBL-KBL-GSJ JV	Jointly controlled operations	N A	India
KBL SYNERGE JV	Jointly controlled operations	N A	India

NOTES TO CONSOLIDATED ACCOUNTS: PART B (CONTD.)

B-11 Segment Information in respect of KBL and its Subsidiaries and Joint Venture Company

₹

A) Primary Segments - Business Segments	Pumps	Others	Eliminations	Total
a) Segment Revenue				
Sales to External Customers	24,729,713,402 (24,846,861,394)	2,101,029,368 (1,756,054,400)	- -	26,830,742,770 (26,602,915,794)
Inter Segment Revenue		(174,033,049) (229,361,996)	(174,033,049) (229,361,996)	- -
Total Segment Revenue	24,729,713,402 (24,846,861,394)	1,926,996,319 (1,526,692,404)	(174,033,049) (229,361,996)	26,830,742,770 (26,602,915,794)
b) Segment Result	1,677,807,428 (2,508,689,395)	368,191,078 (184,896,065)	- -	2,045,998,505 (2,693,585,460)
Less :				
I) Finance Costs				504,569,549 (513,783,587)
II) Unallocable Corporate expenditure (net of other income)				991,904,156 (1,160,990,946)
Add :				
I) Income from Investments				75,742,472 (34,344,727)
Total Profit Before Tax				625,267,272 (1,053,155,654)
Less : Provision for Tax				279,566,350 (392,648,810)
Less : Deferred Tax				(106,837,620) (6,618,225)
Net Profit				452,538,542 (653,888,619)
c) Segment Assets	18,559,020,196 (18,457,654,623)	2,371,856,845 (2,307,927,990)	-	20,930,877,041 (20,765,582,613)
Unallocable Corporate Assets				5,316,726,653 (4,991,222,806)
Total				26,247,603,694 (25,756,805,419)
d) Segment Liabilities	10,933,380,552 (11,323,859,327)	1,279,443,970 (1,230,304,965)	-	12,212,824,522 (12,554,164,292)
Unallocable Corporate Liabilities				3,881,962,833 (3,207,567,023)
Total				16,094,787,355 (15,761,731,315)
e) Cost Incurred during the period to acquire Segment Fixed Assets	951,045,822 (418,609,435)	207,156,939 (231,094,344)		
f) Depreciation / Amortisation/Impairment	664,585,229 (392,898,282)	145,117,921 (81,172,415)		
g) Non Cash Expenses other than Depreciation / Amortisation	274,399,356 (65,723,332)	124,377,803 (72,434,208)		

B) Secondary Segment -	Within India	Outside India	Total
a) Segment Revenue Geographic Segment by location of customer	17,532,103,953 (17,167,334,958)	9,298,638,816 (9,435,580,836)	26,830,742,770 (26,602,915,794)
b) Carrying Amount of Segment Assets by location of assets	19,379,498,066 (18,352,982,433)	6,868,105,628 (5,766,700,154)	26,247,603,694 (25,756,805,419)
c) Cost Incurred during the period to acquire Segment Fixed Assets	591,615,442 (483,288,083)	566,587,319 (166,415,696)	1,158,202,761 (649,703,779)

NOTES TO CONSOLIDATED ACCOUNTS: PART B (CONTD.)

B-12 Event after the reporting period in Kirloskar Brothers (Thailand) Limited (KBTL), subsidiary of KBI BV On 12 January 2015, an extraordinary general meeting of the shareholders of the company passed a resolution to increase KBTL's registered share capital by Baht 15 million (2.9 crores), from Baht 10 million (1 million ordinary shares of Baht 10 each) to Baht 25 million (2.5 million ordinary shares of Baht 10 each), by issuing an additional 1.5 million ordinary shares of Baht 10 each. On 16 January 2015, the company registered 1.5 million additional shares of Baht 10 each with the Ministry of Commerce, and called up all of the additional registered share capital, or a total of Baht 15 million. The company received this amount in January 2015

B-13 Restructuring under KBI BV subsidiary company of Kirloskar Brothers On 30.10.2014 Kirloskar Brothers International (Proprietary) Limited (KBI Pty) was formed as a subsidiary of Kirloskar Brothers International BV. (KBI BV). On 31.10.2014, KBI Pty acquired 100% of voting equity interest in Braybar Pumps (Proprietary) Limited, which was a subsidiary of Micawber 784 (Proprietary) Limited a subsidiary of KBI BV and also acquired 100% of voting equity interest in SPP Pumps (South Africa) (Pty) Limited which was a subsidiary of SPP Pumps Limited, a subsidiary of KBI BV.

B-14 Kirloskar Brothers Limited:

The net worth of The Kolhapur Steel Ltd. (TKSL), a subsidiary company of Kirloskar Brothers Ltd. (KBL) has turned negative in previous year and the company has made an application to Board of Industrial Financial Reconstruction (BIFR) under Sick Industrial Companies Act, 1985. (SICA). KBL has infused ₹ 150,000,000/- by way of preference shares during the current year and will continue to support its operations going forward as the KBL management is confident of its growth and expects a turnaround in the near future. In view of the same and taking into consideration the realizable value of TKSL's assets, diminution in value of KBL's investment in TKSL is temporary in nature and as such no provision for the same is considered necessary as per AS-13, Accounting for Investment, notified under The Companies (Accounting Standards) Rules, 2006.

B-15 The Kolhapur Steel Limited:

The Company has turned Sick Industrial Company due to negative net worth on basis of financials for the year ending 31st March 2014. The reasons for sickness are poor utilization of available resources, process obsolescence, quality issues and the resultant sales returns, poor cash generation and overdue creditors, unbalanced foundry infrastructure resulting in poor productivity and other controllable factors. Although the Company improved its operating revenue over the previous year, the results finally turned out to be negative and continues to show negative net worth as on 31st March 2015. The Holding Company is committed to support the Subsidiary's operations and infused money by way of preference shares to reduce the negative net worth. To achieve the turnover as planned for revival, the Company's foundry has taken initiatives under "Project Parivartan", based on two objectives:

- a) To capture business plan from new potential customers for making heavy castings by increasing molten metal capacity and process upgradation in all functions of foundry.
- b) To focus on customer complaints to address quality related issues, rework and quality loss due to more upgradation.

Further to reduce both internal and external rejection and also to reduce cost of quality, the Company's foundry processes are mapped for upgradation in all work functions of foundry.

Based on above steps taken, the Company, with support of Holding Company, expects to turn itself around and revive.

NOTES TO CONSOLIDATED ACCOUNTS: PART B (CONTD.)

The Financial Statements of the Company continue to be prepared on a "Going Concern Basis".

B-16 The figures of previous year have been regrouped / rearranged wherever necessary to conform to current year's disclosures. Figures in brackets relate to previous year.

B-17 Additional information regarding subsidiaries as per Schedule III of The Companies Act, 2013

Name of the Entity	Net Assets		Share in Profits or Loss	
	As % of consolidated net assets	₹	As % of consolidated P&L	₹
Parent				
Kirloskar Brothers Limited (including effect of consolidation elimination and adjustment effects)	83.86%	8,514,600,954	-7.68%	(34,774,218)
Subsidiaries				
Indian				
1. Karad Projects and Motors Pvt Ltd	-5.56%	(564,808,026)	2.84%	12,871,190
2. The Kolhapur Steels Limited	-2.15%	(218,100,210)	-21.62%	(97,858,915)
3. Kirloskar Corrocoat Private Limited	0.06%	5,675,784	15.51%	70,173,244
4. Kirloskar Systech Limited	0.25%	25,888,589	7.20%	32,578,753
Foreign				
1. Kirloskar Brothers International B V (Consolidated)	18.04%	1,831,228,274	78.48%	355,148,188
Minority Interests in all Subsidiaries Associates				
Indian	0.36%	36,478,863	9.18%	41,540,479
Joint Ventures				
Indian				
Kirloskar Ebara Pumps Limited	5.14%	521,852,111	16.09%	72,859,822
TOTAL	100%	10,152,816,339	100%	452,538,543

[illegible]

[illegible]

Protecting iconic buildings



The Shard, London

Spreading smiles



A Happy Farmer in Africa

Partnering in India's infrastructure development



Mumbai T2 Airport Terminal, Mumbai

Enabling industrial growth



Process Industry



Enriching Lives

KIRLOSKAR BROTHERS LIMITED

A Kirloskar Group Company

Global Headquarters: 'Yamuna' Survey No. 98/(3-7),
Baner, Pune - 411 045, INDIA Tel.: 020 - 2721 4444

Regd. Office: Udyog Bhavan, Tilak Road, Pune - 411 002, INDIA.

Tel.: 020 - 2444 0770 Fax: 020 - 2444 0156

Email: kblin@kbl.co.in Website: www.kirloskarpumps.com

CIN - L29113PN1920PLC000670