

**KIRLOSKAR  
BROTHERS  
INTERNATIONAL  
B V**

**ANNUAL  
ACCOUNTS  
FY 2013**

Particulars		Note No.	Figures as at the end of current reporting period ending on December 31, 2013	Figures as at the end of current reporting period ending on December 31, 2012
<b>I. EQUITY AND LIABILITIES</b>				
<b>1 Shareholders' funds</b>				
(a) Share capital		A-1	6,132,400	298,400
(b) Reserves and surplus		A-2	21,323,311	23,650,888
(c) Money received against share warrants			27,455,711	23,949,288
Share application money pending allotment			-	-
<b>Minority Interest</b>		A-2-i		
<b>Capital</b>			-	80,000
<b>Reserves and Surplus</b>			-	219,348
			-	299,348
<b>3 Non-current liabilities</b>				
(a) Long-term borrowings		A-3	3,290,743	3,280,761
(b) Deferred tax liabilities (Net)		A-4	-	-
(c) Other long term liabilities			-	-
(d) Long-term provisions			3,290,743	3,280,761
<b>4 Current liabilities</b>				
(a) Short-term borrowings		A-5	4,221,357	2,839,289
(b) Trade payables		A-6	19,325,063	21,583,850
(c) Other current liabilities		A-7	12,641,643	12,159,694
(d) Short-term provisions			1,434,750	1,240,884
			37,622,813	37,823,717
			68,369,267	65,353,114
<b>II. ASSETS</b>				
<b>1 Non-current assets</b>				
(a) Fixed assets		A-8	12,169,295	10,745,561
(i) Tangible assets		A-8	12,993	1,104,772
(ii) Intangible assets			577,994	605,973
(iii) Capital work-in-progress			-	-
(b) Non-current investments			147,202	110,906
(c) Deferred tax assets (net)			-	-
(d) Long-term loans and advances		A-9	307,474	337,769
(e) Other non-current assets			13,214,959	12,904,982
<b>2 Current assets</b>				
(a) Current investments		A-10	11,915,239	19,418,478
(b) Inventories		A-11	35,337,984	27,285,155
(c) Trade receivables		A-12	4,275,734	3,819,576
(d) Cash and bank balances		A-13	3,348,645	1,648,349
(e) Short-term loans and advances		A-14	276,706	276,575
(f) Other current assets			55,154,308	52,448,133
			68,369,267	65,353,114

As per our report of even date attached

For M/s P.G. Bhagwat  
Chartered Accountants

ABHIJEEET BHAGWAT  
Partner  
Place: Pune  
Date: April 10, 2014



SANJAY KIRLOSKAR  
Chairman

JAYANT SAPRE  
Director

For and on behalf of the Board of Directors

OWEN SHEVLIN  
Director

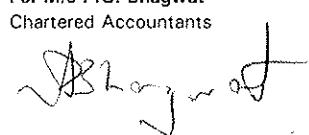
UMESH R SHAstry  
Vice President (Finance)

**Kirloskar Brothers International BV**  
**Consolidated Profit and loss statement for year ended December 31, 2013**

Particulars		Note No.	Figures as at the end of current reporting period ending on December 31, 2013	Figures as at the end of current reporting period ending on December 31, 2012	Euro
I.	Revenue from operations	A-15	112,730,719	93,234,701	
II.	Other income	A-16	492,723	789,118	
III.	<b>Total Revenue (I + II)</b>		<b>113,223,442</b>	<b>94,023,819</b>	
IV.	Expenses:				
	Cost of materials consumed	A-17	55,184,242	49,907,465	
	Purchases of Stock-in-Trade		1,361,371	2,184,592	
	Changes in inventories of finished goods work-in-progress and Employee benefits expense	A-18	8,668,838	(3,587,737)	
	Finance costs	A-19	22,976,478	21,980,165	
	Depreciation and amortization expense	A-20	842,233	667,569	
	Other expenses	A-21	1,374,466	1,157,767	
	Total expenses		16,091,361	15,459,379	
			<b>106,498,989</b>	<b>87,778,200</b>	
V.	Profit before exceptional and extraordinary items and tax (III-IV)		<b>6,724,453</b>	<b>6,245,619</b>	
VI.	Exceptional items		-	-	
VII.	<b>Profit before extraordinary items and tax (V - VI)</b>		<b>6,724,453</b>	<b>6,245,619</b>	
VIII.	Extraordinary Items		-	-	
IX.	<b>Profit before tax (VII- VIII)</b>		<b>6,724,453</b>	<b>6,245,619</b>	
X.	Tax expense:				
	(1) Current tax		1,991,115	1,918,580	
	(2) Deferred tax		33,542	(70,350)	
	(3) Short provision of income tax on account of earlier years			-	
			<b>2,024,657</b>	<b>1,848,230</b>	
XI.	Profit (Loss) for the period from continuing operations (IX-X)		<b>4,699,797</b>	<b>4,397,389</b>	
XII.	Profit/(loss) from discontinuing operations		-	-	
XIII.	Tax expense of discontinuing operations		-	-	
XIV.	Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		-	-	
XV.	<b>Profit (Loss) for the period (XI + XIV)</b>		<b>4,699,797</b>	<b>4,397,389</b>	
XVI.	Minority Interest		-	(1,407)	
XVII.	Parent Share		<b>4,699,797</b>	<b>4,398,796</b>	
XVIII.	Earnings per equity share having nominal value of Euro 100/- per				
	(1) Basic		76.64	1,474.13	
	(2) Diluted		76.64	1,474.13	

As per our report of even date attached

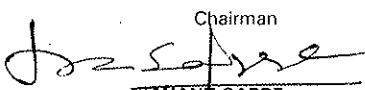
For M/s P.G. Bhagwat  
Chartered Accountants

  
ABHIJEET BHAGWAT  
Partner  
Place: Pune  
Date: April 10, 2014

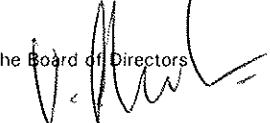
For and on behalf of the Board of Directors

  
SANJAY KIRLOSKAR

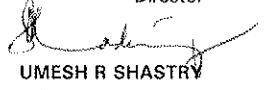
Chairman

  
JAYANT SAPRE

Director

  
OWEN SHEVLIN

Director

  
UMESH R SHASTRY

Vice President (Finance)

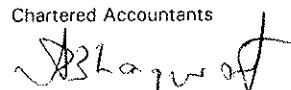
**Kirloskar Brothers International BV**  
**Cash flow statement for the year ended December 31, 2013**

**Euro**

	Particulars	Figures for current reporting period ending December 31, 2013	Figures for current reporting period ending December 31, 2012
<b>A</b>	<b>Cash flows from Operating Activities</b>		
	Net Profit before Taxes and Extraordinary Items	6,724,453	6,245,619
	Adjustments for :-		
1	Depreciation / Amortization	1,374,465	1,157,767
2	(Profit)/Loss on sale of Fixed Assets	402	(6,638)
3	Provision for Doubtful Debts/Advances	(490)	40,784
4	Interest Income	(19,836)	(18,184)
5	Interest Expenses	349,715	204,260
6	Unrealized exchange ( gain)/ Loss - Others	(744,958)	(183,627)
	Operating Profit Before Working capital changes	7,683,751	7,439,981
	Adjustments for :-		
1	(Increase)/ decrease in Inventories	6,804,079	(6,574,533)
2	(Increase)/ decrease in Trade and Other Receivables	(12,683,927)	1,071,208
3	Increase/ (decrease) in Trade and other payables	1,563,715	3,586,163
	Cash Generated from Operations	3,367,618	5,522,819
4	Income tax (Paid ) / refunded	(1,493,890)	(1,911,102)
	Net Cash from Operating Activities	1,873,728	3,611,717
<b>B</b>	<b>Cash flows from Investing Activities</b>		
1	Purchase of Fixed Assets	(1,996,608)	(5,577,837)
2	Sale of Fixed Assets	16,916	86,666
3	(Purchase)/sale of Investments	(875,000)	
4	Interest Received	20,999	19,440
	Net Cash from Investment Activities	(2,832,693)	(5,471,731)
<b>C</b>	<b>Cash Flows from Financing Activities</b>		
1	Proceeds from borrowing	1,873,041	4,563,369
2	Repayment of borrowings	(60,558)	-
3	Interest Paid	(397,361)	(238,404)
4	Proceeds from Share Premium	-	-
	Net Cash used in Financing Activities	1,415,123	4,323,965
	Net Increase in Cash and Cash Equivalents	456,158	2,463,951
1	Cash & Cash Equivalents at beginning of period (refer note part A -15)	3,819,576	1,355,625
2	Add : Due to Acquisition of subsidiary	-	-
3	Cash & Cash Equivalents at end of period (refer note part A - 15)	4,275,734	3,819,576

As per our report of even date attached

For M/s P.G. Bhagwat  
Chartered Accountants

  
**ABHIJEET BHAGWAT**  
Partner  
Place: Pune  
Date: April 10, 2014

For and on behalf of the Board of Directors

  
**OWEN SHEVLIN**  
Director  
  
**JAYANT SAPRE**  
Director  
  
**UMESH R SHASTRY**  
Vice President (Finance)

Particulars	Figures as at the end of current reporting period ending on December 31, 2013	Figures as at the end of current reporting period ending on December 31, 2012	Euro
<b>Note : A-1</b>			
<b>Share Capital</b>			
<b>Authorised</b>			
10,000 ( 10,000 ) equity shares of Euro 100/- each (Euro 100) each	1,000,000	1,000,000	
<b>Issued, subscribed &amp; fully paid up</b>			
1,384 ( 1,384 ) equity shares of Euro 100/- each (Euro 100) each	138,400	138,400	
58,340 (-) equity shares of Euro 100/- each Issued during the year	5,834,000	-	
<b>Issued, subscribed &amp; partly paid up</b>			
2,000 ( 2,000 ) equity shares of Euro 100/- each (Euro100) each, Euro 80 (Euro 80) paid	160,000	160,000	
Issued during the year	-	-	
<b>Total</b>	<b>6,132,400</b>	<b>298,400</b>	

a) Reconciliation of share capital

Particulars	Figures as at the end of current reporting period ending on December 31, 2013		Figures as at the end of current reporting period ending on December 31, 2012		Euro
	Number	Euro	Number	Euro	
Shares outstanding at the beginning of the year	3,384	298,400	3,384	298,400	
Shares Issued during the year	-	-	-	-	
<b>Shares outstanding at the end of the year</b>	<b>3,384</b>	<b>298,400</b>	<b>3,384</b>	<b>298,400</b>	

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

Name of the shareholder	Figures as at the end of current reporting period ending on December 31, 2013		Figures as at the end of current reporting period ending on December 31, 2012	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Kirloskar Brothers Ltd	3,384	100%	3,384	100%



Particulars	Figures as at the end of current reporting period ending on December 31, 2013	Figures as at the end of current reporting period ending on December 31, 2012
<b>Note : A-2</b>		
<b>Reserves &amp; Surplus</b>		
(a) Capital Redemption Reserve		
Opening Balance	59,859	59,859
Less Deduction	-	-
Closing Balance	59,859	59,859
(b) Securities Premium Reserve		
Opening Balance	12,209,247	12,209,247
Less Utilised for issuance of shares	5,834,000	-
Less MI interest- of KBE- refer goodwill calculation	300,000	-
Closing Balance	6,075,247	12,209,247
(c) Foreign currency translation reserve		
Opening Balance	633,508	266,737
Add Current year transfer	(1,136,630)	366,771
Closing balance	(503,122)	633,508
(d) Surplus		
Opening Balance	10,969,029	6,604,397
Add Net Profit for the current year	4,699,797	4,398,796
Add Due to transfer / merger of subsidiaries/Acquisition	-	
Less MI interest- of KBE- refer goodwill calculation	(22,502)	34,165
Balance available for appropriation	15,691,328	10,969,029
Less Appropriations :		
Proposed dividend	-	-
Tax on dividend	-	-
Sub total	-	-
Closing Balance	15,691,328	10,969,029
	21,323,311	23,871,643
Less Minority Interest	-	220,755
Total Reserves	21,323,311	23,650,888

<b>Note : A-2-i</b>		
<b>Minority Interest</b>		
Capital		
Opening Balance	80,000	80,000
Less: Purchased during year	80,000	-
Closing Balance	-	80,000
Reserves and Surplus		
Opening Balance	219,348	220,755
Add: Share in Current Year Profit	56,743	(1,407)
Less: Purchased during year	276,091	-
	219,348	219,348
Total Minority Interest	-	299,348

<b>Note : A-3</b>		
Long Term Borrowings		
Secured		
(a) Term loans from banks	3,133,828	2,922,781
(b) From others		
Long term maturities of finance lease obligations	1,755	18,262
Unsecured		
(a) From others		
(i) Long term maturities of finance lease obligations	155,159	339,718
(ii) Other long term loans and advances	-	-
	3,290,743	3,280,761

<b>Note : A- 4</b>		
<b>Deferred Tax Assets / (Liabilities) (Net)</b>		
(a) Deferred Tax Liabilities		
i) On other timing differences	28,203	4,925
	28,203	4,925
(b) Deferred Tax Assets		
i) On other timing differences	175,405	115,831
	175,405	115,831
	NET	
	147,202	110,906

Particulars	Figures as at the end of current reporting period ending on December 31, 2013	Figures as at the end of current reporting period ending on December 31, 2012
<b>Note : A-5</b>		
<b>Short Term Borrowings</b>		
<b>Secured</b>		
(a) Loans repayable on demand from banks		
(i) Cash / export Credit facilities	175,780	1,194,221
(ii) Working capital demand Loans	3,805,683	1,400,000
	<b>Sub Total</b>	<b>3,981,463</b>
		2,594,221
<b>Unsecured</b>		
(a) Other short term loans and advances		
(i) From Other	239,894	245,068
	<b>Sub Total</b>	<b>239,894</b>
		245,068
	<b>TOTAL</b>	<b>4,221,357</b>
		2,839,289

<b>Note : A-6</b>		
<b>Other Current Liabilities</b>		
(a) Current maturities of long-term debt	105,894	157,686
(b) Interest accrued but not due on borrowings	5,421	6,171
(c) Other payables		
(i) Gross amount due to customers for project related contract work	-	(7,742)
(ii) Advances from customers	1,083,376	354,650
(iii) Salary & Reimbursements	1,895,197	1,506,856
(iv) Contribution to social security	22,214	446
(v) Other liabilities	5,603,074	7,222,749
(vi) Provision for expenses	3,926,467	2,918,878
	<b>TOTAL</b>	<b>12,641,643</b>
		12,159,694

<b>Note : A-7</b>		
<b>Short Term Provisions</b>		
(a) Others		
(i) Proposed dividend	-	-
(ii) Dividend distribution tax	-	-
(iii) Provision for income tax (net of advance tax)	1,005,245	781,911
(iv) Provision for Product Warranty	428,857	458,973
(v) Other Short term provisions	647	-
	<b>TOTAL</b>	<b>1,434,750</b>
		1,240,884



Note A-8: Tangible and Intangible Assets		Tangible Assets					Intangible assets		Total
		Land Free/ Lease Hold	Buildings	Plant & Equipment	Furniture & Fixture & Office Equipments	Vehicles	Total	Goodwill	Computer Software
<b>Gross Block</b>									
Opening Gross Block as at 01.01.2013	759,711	7,069,345	5,582,103	3,346,484	430,395	17,188,038	1,187,674	42,222	1,229,896
Reorganisation of opening block	1,160,900	(1,160,900)	-	-	-	-	-	-	-
Additions	-	743,852	1,179,950	6,162	8,228	1,938,192	575,652	11,246	586,898
Deductions	-	-	-	196	46,660	46,856	-	38	38
Exchange Difference	(38,139)	(500,972)	(491,394)	469,685	(146,425)	(707,244)	(245,159)	(4,515)	(249,674)
<b>Closing Gross Block (at cost)</b>	<b>1,882,472</b>	<b>6,151,325</b>	<b>6,270,658</b>	<b>3,822,135</b>	<b>245,539</b>	<b>18,372,129</b>	<b>1,518,167</b>	<b>48,916</b>	<b>1,567,083</b>
<b>Closing As Per emerge</b>	<b>1,882,472</b>	<b>6,151,325</b>	<b>6,270,659</b>	<b>3,822,135</b>	<b>245,539</b>	<b>18,372,130</b>	<b>1,518,167</b>	<b>48,916</b>	<b>1,567,083</b>
<b>Accumulated Depreciation</b>									
Opening Accu Dep as at 01.01.2013	-	900,706	3,012,356	2,282,010	247,405	6,442,477	96,240	28,884	125,124
Reorganisation of opening block	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	182,408	1,106,047	13,727	61,213	1,363,395	-	11,072	11,072
Recouped on Deductions	-	-	-	82	31,107	31,189	-	-	-
Exchange Difference	-	(19,516)	(579,614)	507,514	(115,047)	(206,664)	-	(4,034)	(4,034)
<b>Total Accu Depreciation</b>	<b>-</b>	<b>1,063,598</b>	<b>3,538,789</b>	<b>2,803,168</b>	<b>162,464</b>	<b>7,568,019</b>	<b>96,240</b>	<b>35,922</b>	<b>132,162</b>
<b>Closing As Per emerge</b>	<b>-</b>	<b>1,063,598</b>	<b>3,538,789</b>	<b>2,803,168</b>	<b>162,464</b>	<b>7,568,019</b>	<b>96,240</b>	<b>35,922</b>	<b>132,162</b>
<b>Net Block</b>	<b>1,882,472</b>	<b>5,087,727</b>	<b>2,731,870</b>	<b>1,018,967</b>	<b>83,076</b>	<b>10,804,111</b>	<b>1,421,927</b>	<b>12,993</b>	<b>1,434,921</b>
<b>Cross tally</b>	<b>1,882,472</b>	<b>5,087,727</b>	<b>2,731,870</b>	<b>1,018,967</b>	<b>83,076</b>	<b>10,804,111</b>	<b>1,365,184</b>	<b>12,993</b>	<b>1,434,921</b>



<b>Note : A-9</b>		
<b>Other Non Current Assets</b>		
(a) Long term trade receivables		
Unsecured, considered good	67,580	59,060
Doubtful	549,562	603,301
	617,142	662,360
Less Provision for doubtful receivables	549,562	603,301
	67,580	59,060
(b) Others		
(i) Fixed deposits with bank of maturity of more than 12 months	239,894	278,709
<b>TOTAL</b>	<b>307,474</b>	<b>337,769</b>

Particulars	Figures as at the end of current reporting period ending on December 31, 2013	Figures as at the end of current reporting period ending on December 31, 2012
<b>Note : A-10</b>		
<b>Inventories</b>		
(a) Raw Materials	7,569,046	6,413,893
(b) Work-in-progress	2,372,069	7,684,241
(c) Finished goods	1,814,168	5,171,436
(d) Stock-in-trade	602	1,384
(e) Stores and spares	159,354	147,525
<b>TOTAL</b>	<b>11,915,239</b>	<b>19,418,478</b>

<b>Note : A-11</b>		
<b>Trade receivables</b>		
(i) Trade receivables outstanding for a period exceeding six months		
Unsecured, considered good	976,376	5,182,401
(ii) Trade receivables outstanding for a period less than six months		
Unsecured, considered good	34,361,608	22,102,754
Less : Provision for doubtful debt	-	-
	34,361,608	22,102,754
<b>TOTAL</b>	<b>35,337,984</b>	<b>27,285,155</b>

<b>Note : A-12</b>		
<b>Cash &amp; Bank Balances</b>		
(a) Cash & Cash Equivalents		
(i) Cash on hand	9,541	12,059
(ii) Balances with banks	4,266,193	3,807,517
<b>TOTAL</b>	<b>4,275,734</b>	<b>3,819,576</b>

<b>Note : A-13</b>		
<b>Short term loans and advances</b>		
(a) Others		
(i) Security Deposits		
Unsecured, considered good	56,878	51,702
(ii) Advances to suppliers and others		
Unsecured, considered good	3,114,674	1,596,647
(iii) Advance Income Tax (net of Provision for Tax)		
	177,093	-
<b>TOTAL</b>	<b>3,348,645</b>	<b>1,648,349</b>

<b>Note : A-14</b>		
<b>Other current assets</b>		
Interest accrued on investments & deposits	2,134	639
Claims receivables	233,825	275,937
Other current assets	40,747	-
<b>TOTAL</b>	<b>276,706</b>	<b>276,575</b>

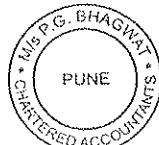
Particulars	Figures as at the end of current reporting period ending on December 31, 2013	Figures as at the end of current reporting period ending on December 31, 2012
<b>Note : A-15</b>		
Revenue from operations		
Sale of products	111,744,187	92,571,327
Less Excise duty	-	-
	111,744,187	92,571,327
Sale of services	312,409	360,819
Sub Total	112,056,596	92,932,145
Other operating revenues	674,123	302,556
	TOTAL	112,730,719
		93,234,701

<b>Note : A-16</b>		
Other Income		
(a) Interest Income		
(i) from Banks	19,835	18,184
(ii) from others	0	734
(b) Other non operating income	472,888	770,200
	TOTAL	492,723
		789,118

<b>Note : A-17</b>		
Cost of material consumed		
Raw material consumed	53,614,771	48,634,953
Stores and spares consumed	698,730	542,861
Processing charges	870,741	729,651
	TOTAL	55,184,242
		49,907,465
<b>Note : A-18</b>		
Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Opening Stock		
Work-in- Progress	7,684,241	3,725,228
Finished goods	5,171,435	5,544,095
	TOTAL	12,855,677
		9,269,323
Closing Stock		
Work-In- Progress	2,372,069	7,684,241
Finished Goods	1,814,770	5,172,819
	TOTAL	4,186,839
		12,857,060
	TOTAL	8,668,838
		(3,587,737)

<b>Note : A-19</b>		
Employee benefits expense		
Salaries, wages and bonus	19,805,068	18,668,943
Contribution to social security benefits	1,762,178	1,942,495
Welfare expenses	492,052	508,329
Pension benefits	917,181	869,397
	TOTAL	22,976,478
		21,989,165

<b>Note : A-20</b>		
Finance cost		
Interest expense	349,714	204,260
Other borrowing costs	492,519	463,309
	TOTAL	842,233
		667,569



Particulars	Figures as at the end of current reporting period ending on December 31, 2013	Figures as at the end of current reporting period ending on December 31, 2012
<b>Note : A-21</b>		
Other expenses		
Power & fuel	621,974	550,711
Repairs and maintenance		
Plant and machinery	437,988	320,031
Buildings	96,359	(73,755)
Rent	2,149,875	2,221,759
Rates and taxes	7,699	8,418
Travel and conveyance	3,059,541	2,957,551
Postage and telephone	1,045,956	942,991
Insurance	989,749	851,230
Royalties and fees	74,438	10,616
Cash discount	103,803	116,060
Freight and forwarding charges	1,544,935	2,238,085
Brokerage and commission	317,868	163,014
Advertisements and publicity	616,108	549,515
Provision for product warranty	43,536	54,961
Loss on sale/disposal of fixed assets	402	(6,638)
Bad debts and advances written off	103,772	198,933
Provision for doubtful debts, advances	(490)	40,784
Donation	27,671	30,989
Legal and consultancy	1,143,518	926,898
Outside job work	1,167,475	741,917
Printing and Stationery	28,801	11,489
Training Expenses	319,641	341,346
Other miscellaneous expenses	2,124,392	2,249,402
Exchange difference (net)	66,351	13,074
<b>TOTAL</b>	<b>16,091,361</b>	<b>15,459,379</b>
		16,091,361

