



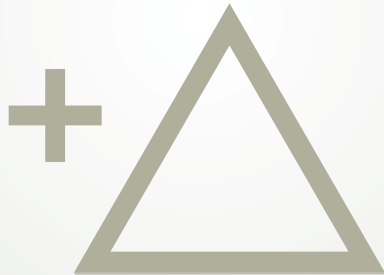
KIRLOSKAR BROTHERS LIMITED

93rd Annual Report 2012-13

Enriching Lives

Decades of positive change

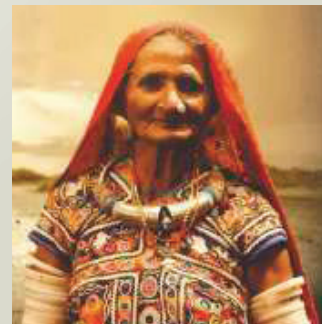




Positive Change!

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

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



Your Company has brought about a positive change by:

- Pumping water to millions of homes, farms and industries
- Partnering in India's energy generation program powering industries and homes
- Being integral part of critical processes in factories
- Exporting pumps globally and contributing to economic development of nations
- Encouraging diversity in the workforce
- Promoting sustainability through our business activities and green products

To see how Kirloskar has enriched lives, watch Television Commercials at www.kirloskarsolutions.in

**Board of Directors**

Sanjay Kirloskar	Chairman & Managing Director
Vikram Kirloskar	
M. S. Kirloskar	(Upto 28.02.2013)
S. N. Inamdar	
Rahul Kirloskar	
U. V. Rao	
P. S. Jawadekar	
J. R. Sapre	Whole Time Director
A. N. Alawani	
Lalita D. Gupte	
Pratap B. Shirke	
Alok S. Kirloskar	(w.e.f.18.07.2012)

Company Secretary Sandeep Phadnis (w.e.f. 04.04.2013)

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

Bankers Bank of India
Canara Bank
HDFC Bank Limited
ICICI Bank Limited
Citibank N.A.
Credit Agricole Corporate and Investment Bank

Registered Office Udyog Bhavan, Tilak Road,
Pune – 411 002, Maharashtra State (India)
Phone : (020) 24440770 Fax : (020) 24400156
E-mail : 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) 27211136
E-mail : kblin@kbl.co.in
Website : www.kirloskarpumps.com
Group Website : www.kirloskar.com

Works Kirloskarvadi, Dewas, Shirwal, Kondhapuri, Coimbatore, Ahmedabad

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Day & Date : Wednesday, July 24, 2013		Management Discussion & Analysis	14
Time : 11.00 a.m.		Report on Corporate Governance	27
Venue : “YAMUNA”, Survey No.98 (3-7)		Auditors' Report	44
Baner, Pune – 411 045		Balance Sheet	48
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DECADE AT A GLANCE

(₹ in Million)

Particulars	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenue from operations	5,082	7,310	9,274	13,485	15,368	18,364	20,270	19,469	17,819	18,724
Other Income	231	152	746	2,427	481	436	461	129	463	70
Material Cost	3,385	4,852	6,098	9,274	11,119	13,851	15,034	13,431	12,661	13,204
Other Expenses	1,363	1,858	1,893	2,518	2,644	3,154	3,235	4,386	4,441	4,108
Finance Costs	125	114	146	249	404	606	467	453	537	443
Depreciation	107	100	97	121	182	207	265	300	303	320
Profit before tax	333	538	1,786	3,750	1,500	982	1,730	1,028	340	719
Income tax provision	68	31	63	385	399	312	554	415	28	285
Net Profit after tax	265	507	1,723	3,365	1,101	670	1,175	614	312	434
Share Capital	71	71	212	212	212	212	159	159	159	159
Reserves	1,565	1,832	2,932	5,808	6,409	6,879	6,975	7,275	7,378	7,627
Net Worth	1,636	1,903	3,144	6,020	6,621	7,091	7,134	7,434	7,537	7,786
Imports	144	261	606	987	1,152	2,084	5,073	2,026	729	473
Exports	572	1,005	685	2,266	1,483	2,291	1,694	1,827	1,159	1,544
Basic Earnings per Share (₹) (Face Value of ₹ 2/-)	7.51	14.17	15.42	31.82	10.41	6.34	14.81	7.73	3.93	5.47
Basic Earnings per Share (₹) (Face Value of ₹ 2/-) (Excluding Extraordinary Income / Expense)	7.51	14.17	10.70	14.76	10.41	6.34	14.81	7.73	3.93	5.47
Dividend %	200%	300%	200%	200%	200%	100%	275%	175%	100%	* 100%
Book Value per Share (₹)	46.40	53.97	** 29.69	** 56.92	** 62.60	** 67.35	** 89.92	** 93.70	** 94.99	** 98.11
Debt Equity Ratio	0.29	0.18	0.06	0.08	0.09	0.03	0.06	0.12	0.06	0.01

Notes :

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

* Final dividend recommended 100%

** 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.



DIRECTORS' REPORT TO THE MEMBERS

Your Directors present the 93rd Annual Report and the Audited Annual Accounts of the Company for the year ended March 31, 2013.

FINANCIAL RESULTS

The financial results of the Company for the year 2012-13 as compared with the previous year are as under: -

	Current Year ended March 31, 2013 (₹)	Previous Year ended March 31, 2012 (₹)
Revenue from Operations	18,723,978,939	17,818,761,202
Other income	69,995,455	462,787,460
Total	18,793,974,394	18,281,548,662
Profit before tax	719,478,435	339,655,805
Tax Expense	135,001,177	24,669,152
Profit for the period from continuing operations	584,477,258	314,986,653
Short Provision of income tax on account of earlier years	150,000,000	3,100,000
Profit for the period	434,477,258	311,886,653
Surplus in Profit & Loss Account brought forward from previous year	1,241,391,915	1,142,469,029
Available surplus	1,675,869,173	1,454,355,682

DIVIDEND

Directors recommend a dividend of 100% (₹ 2/- per equity share) for the year.

APPROPRIATIONS

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

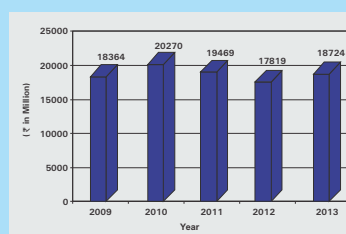
Dividend of ₹ 2/- @100% (100%) on 79,358,451 (79,339,701) equity shares of ₹ 2/- each	158,716,902	158,679,402
Dividend distribution tax	24,592,508	23,095,700
Transferred to General Reserve	43,447,726	31,188,665
Balance carried to Balance Sheet	1,449,112,037	1,241,391,915
Total	1,675,869,173	1,454,355,682

OPERATIONS

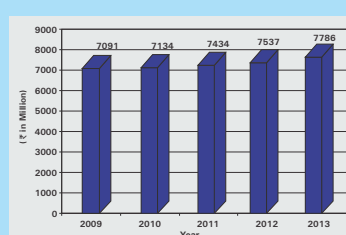
The revenue from operations of the Company for the year under review was ₹1872 crores, which is more than 5.08% compared to the previous year.

This year, our focus continued to be on the products business. We are catering to a broad base of utility and process pumping applications in the Products Business. In the Projects Business, while being selective on booking new orders, we are strengthening our project management and execution capabilities. We have aligned our marketing functions to provide

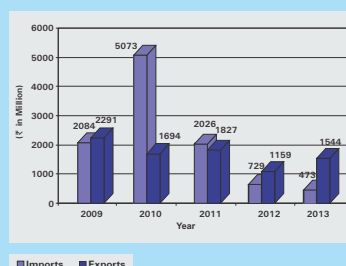
Revenue from operations



Net Worth



Import & Export



Book Value per Share



comprehensive pumping solutions to our customers. Our manufacturing plants are geared up to the growing demand from the products business on account of productivity improvement initiatives.

In both Products and Projects businesses, our focus continues to be on value added solutions. We augmented our capability to deliver small pumps by commissioning a new plant in Sanand, Gujarat. At the same time, we are re-engineering our small pump operation's supply chain to make it leaner and more responsive. In the current year, we commissioned spares warehouse and refurbishment centers and appointed service and spares dealers to improve the reach and responsiveness of the after sales support.

The economic scenario in the country continues to be challenging. In the coming year, we will focus on improving margins and cash generation.

Under Section 133A of the Income Tax Act, the Income Tax department carried out a survey at the Company premises in January, 2013. Based on the findings of the survey, the department has raised additional tax liability on the Company, which has been paid during the quarter. The short provision for tax in respect of earlier years, consequent to the additional tax claim, has been appropriately disclosed by the Company in the financial for the year ended on March 31, 2013.

STATUTORY DISCLOSURES

1. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

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

2. PARTICULARS OF EMPLOYEES

The Information required under Section 217 (2A) of the Companies Act, 1956 and the rules made thereunder is provided in annexure forming part of this Report. As per provisions of section 219(1)(b)(iv) of the said Act, the Directors' Report and Accounts are being sent to the shareholders excluding the statement giving particulars of employees under Section 217(2A) of the said Act. Any Shareholder interested in obtaining a copy of the statement, may write to the Company Secretary at the Registered Office of the Company.

3. SUBSIDIARY COMPANIES

During the year, a Scheme of Arrangement and Amalgamation of Hematic Motors Private Limited with Kirloskar Constructions and Engineers Limited (the 'Scheme') was filed with the Hon'ble High Courts of Judicature at Bombay and Madras.

The Board of Directors of the Company have passed a resolution on November 29, 2012 approving the Scheme. The appointed date in terms of the Scheme is April 1, 2012. The Scheme has been approved by Honourable Bombay High Court and approval from Honourable Madras High Court is awaited. The effect of the Scheme will be taken into consideration from the appointed date after approval from Honourable Madras High Court.

Micawber 784 (Proprietary) Ltd., Kirloskar Brothers Limited's step down subsidiary through Wholly Owned Subsidiary Company - Kirloskar Brothers International B.V. (KBI BV), Netherlands, has acquired balance 10% holding in Braybar Pumps (Proprietary) Ltd. (Braybar) on November 1, 2012. As a result, Braybar has become 100% subsidiary of Micawber 784 (Proprietary) Ltd.

The financials of the subsidiaries appear elsewhere in this annual report.

On February 8, 2011 the Government of India, Ministry of Corporate Affairs vide General Circular No. 2/2011, granted general exemption under section 212(8) of the Companies Act, 1956 for companies from



attaching subsidiary companies' documents viz. Balance sheet, Profit and Loss account, Directors' and Auditors' Reports etc. to the Balance sheet of a holding Company.

As per the said general exemption, instead of the annual accounts of the subsidiary companies, we have attached certain information in respect of the Company's subsidiaries for the respective financial years.

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

The consolidated financial statement of subsidiaries prepared as per applicable provisions and duly audited by the statutory auditors, is presented elsewhere in this annual report.

4. DIRECTORS' RESPONSIBILITY STATEMENT

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

- In the preparation of the annual accounts, the applicable accounting standards have been followed and there was no material departure from the accounting standards.
- Accounting policies have been selected and applied consistently and that the judgements and estimates made are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013 and of the profit of the Company for the period April 1, 2012 to March 31, 2013.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, and
- The annual accounts have been prepared on a going concern basis.

5. CASH FLOW

A cash flow statement for the year ended March 31, 2013 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.

We conduct periodic safety audit of all our manufacturing units and all our project sites including corporate office. The audit outcomes are converted into action plans, implemented and periodically reviewed. A Corporate Safety Committee has been formed to monitor the implementation of safety standards throughout the organisation. Periodic mock drills are conducted at the Corporate Office, project sites and manufacturing locations in order to be prepared to face such eventualities.

Safety training is also imparted to contract employees at sites and operation units. We monitor on regular basis the safety statistics through monthly review sessions. Actions required in improving safety conditions are communicated to the relevant site through safety manager. Corporate safety committee guides and monitor all sites and manufacturing units, to improve near miss, accident and implementation of all statutory requirements related to safety, so as to achieve our goal of zero accident and zero man days lost.

We have Occupation Health Centers (OHCs) at the Corporate Office and major manufacturing units. These OHCs provide immediate medical needs and support the employees in keeping good health. To improve health awareness and food habits, various health awareness programmes are organised.

An annual medical check-up is conducted for all employees and their spouse, who are above 30 years of age. Based on medical reports, counselling sessions are conducted and health talks are arranged. Hygienic and nutritious food is provided to all employees in the Company canteens. The canteen activities are governed by a joint committee of workmen and management to ensure clean and hygienic food services.

Environment

As regards environment protection all our plants comply with the requirements of Environment Management System (ISO 14000). Our Kondhapuri Plant has been recommended for certification to the Energy Management System (ISO 50001) standard. We are planning to get the same certification for all other manufacturing plants by March 2014.

We have started reporting our direct and indirect energy consumptions in our sustainability reports. As an initiative to monitor our scope -3 emissions we have started monitoring the carbon emissions due to travel of employees to workplace and also business air travel. This will help us identify opportunities to reduce these carbon emissions and reduce our carbon footprint.

Our Energy Audit services to industries have helped in replacing old pumping systems consuming more electrical energy. Our energy efficient pumping solutions and Lowest Life Cycle Cost pumps have helped industries reduce their energy consumption and save electrical power for the nation.

CORPORATE GOVERNANCE

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

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 employee for their outstanding, exemplary performance in getting sustainable results. During the year, 18750 equity shares of ₹ 2/- each have been allotted.

Consequent to allotment of the above shares under ESOS, the issued and paid-up share capital of the Company, at the end of the year 2012-13, stands at ₹ 158,716,902/- i.e. 79,358,451 equity shares of ₹ 2/- each.

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

FIXED DEPOSITS

The Company neither accepts nor renews matured deposits since January, 2003. The amount of the unclaimed matured deposits has been transferred to the Investor Education & Protection Fund Account and at present, there is no outstanding unclaimed deposit as on 31.03.2013.

CORPORATE SOCIAL RESPONSIBILITY

Our Corporate Social Responsibility (CSR) is based on the CSR policy. We are committed to developing sustained and constructive relationship with all our stakeholders to improve the quality of life. We extend continuous support in development activities in communities located near our manufacturing units. Our main



focus is on health, education for upliftment of economically backward and under privileged class of the society.

As a socially responsible organization, the Company continued its efforts in implementing community programs based on the needs and expectations of society gathered through Society Perception Survey and other feedbacks through engagement with the society.

Our major CSR activities include career guidance to students, WASH (Water and sanitation and hygiene), pre-natal courses, women's health check-ups, medicare facility for the society, course on effective parenting, adolescence hygiene, formation of self-help groups, awareness on de-addiction and oral cancer, AIDS awareness to nearby villagers, uniform, note books, school bags and sewing machines to school children and physically challenged children, a mega plantation at Dewas, blood donation camps, etc.

Activities in Manufacturing plants

As part of preventive measure, free medical check-up camps with free medicine distribution camps were conducted. Number of beneficiaries has increased during the year under review. We also conducted blood donation camps at Kirloskarvadi and Dewas manufacturing units.

In order to contribute to economic development of the society, Earn & learn scheme for ITI apprentices is implemented in collaboration with Yashaswi Institute, Pune.

Women empowerment : An Orientation programme on winding of pumps and motors was conducted for approx. 60 women in the premises of the manufacturing unit at Dewas for creating a Self Help Group. Under this scheme, women are given 15 days training after which they may get employment at our vendors or other industries.

In the field of education, training programme arranged for teachers, release of special issue on Environment, inauguration of Creativity Express, distribution of Water Purifier Systems, Pumps at schools, Kali Umaltana Project at 2 schools, Spardha Pariksha (Competitive Exams) at 25 schools were organized.

We have undertaken environment awareness through seminar, awareness films, cycle rally, Vasundhara Sanman and Vasundhara Mitra puraskar and Exhibitions.

Vasundhara International Film Festival organized in Indore and Dewas for creating awareness towards saving earth for next generation. On world environment day at Dewas factory "Mega Plantation Event" took place. Plantation of more than 9000 trees in Dewas area has been done and further plantation is planned in open land behind factory premises.

Kirloskar WASH (Water, Sanitation and Hygiene) initiative is conducted every year for Municipal school around Pune, Kondhapuri and Kirloskarvadi. KBL employees act as volunteers in this programme in which school children are made aware about hygiene and sanitation.

NEW MANUFACTURING UNITS

Our new plant located at Village Chharodi, Tal.:Sanand, Dist.:Ahmedabad, Gujarat, commenced production on the 20th of June, 2012. This state of the art manufacturing facility will produce energy efficient submersible pumps and cater to markets across the globe. The plant is set up on about 14 acres of land with a built-up area of 8500 square meters. This facility employs 64 associates, of which 14 are women.

DIRECTORS

With a deep regret, we report the sad demise of former Whole Time Director - Mr. R. K. Srivastava on February 21, 2013 and of Mr. M. S. Kirloskar, Director on February 28, 2013.

Mr. R. K. Srivastava was associated with our Company for about 23 years. He joined the company as a General Manager and quickly rose to the position of Vice President by 1994. His knowledge, experience and contribution to the pump industry were of great help to the Company and its growth. He was deeply involved in the design and execution of the world's largest irrigation scheme for the Sardar Sarovar Narmada Nigam Ltd. He was also the Chairman of a few of KBL's subsidiaries.

Mr. Mukundrao Kirloskar was associated with Kirloskar Brothers Limited, especially with the Kirloskar publications for many decades. His contribution in the field of Marathi literature is commendable. His social approach in every aspect helped the company to a great extent. His creativity, sensitivity and public relations helped him to be a leading figure in the field of Marathi literature. His contribution in creating awareness in society through 'Kirloskar', 'Stree' and 'Manohar' magazines is praiseworthy.

The Board wishes to place on record their gratitude for the guidance received from Mr. R. K. Srivastava and Mr. M.S. Kirloskar during their tenures as Directors of the Company.

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

Mr. Alok S. Kirloskar was co-opted by the Board of Directors as an Additional Director of the Company with effect from July 18, 2012, after 92nd Annual General Meeting. As per Articles of Association of the Company, he holds office till the date of ensuing Annual General Meeting and is eligible for appointment.

AUDITORS

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

ACKNOWLEDGMENTS

Your Directors wish to place on record their appreciation of the unstinted support and co-operation given by banks and financial institutions. Your Directors would further like to record their appreciation of the efforts by the employees of the Company.

For and on behalf of the Board of Directors



Sanjay Kirloskar
Chairman and Managing Director

Pune : May 27, 2013



ANNEXURE – I TO THE DIRECTORS' REPORT

A. Conservation of Energy

The Company continues to take additional steps for conservation of energy by using energy from wind mills and implementing rain water harvesting at feasible locations. The Company continues to focus on Lowest Life Cycle Cost (LLC) series of Pumps in India and thus contributes towards energy saving. During the year, the Company developed UP 500/68, UP 400/48, UP 300/46 and BHR 35 Pumps for Customers like Delhi Jal Board, Laxmi Sugar, National Peroxide and Owens Corning.

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

- VFD for reciprocating compressor.
- Installation of 1.5 kw Windmill for security cabin lighting and fan load.
- Installation of Energy meters-3 nos. (Battery operated stacker, platform truck and welding machine).
- Implementation EnMS System (ISO 50001:2011) Certification audit completed in March 2013 by Bureau Veritas.
- Maintained Power factor above 0.99 and obtained P F incentive from MSEDCL.
- Ensured timely payment of energy bills in order to get prompt payment discount from MSEDCL.
- Received 2nd Prize for the Best Performance in Energy Conservation from Kirloskar Group ENCON Committee for the year 2011-12.
- Participated in 8th State level energy conservation competition at MEDA, results are awaited.
- Participated in National level energy conservation competition for the year 2012.

B. Technology Absorption

1. Research and Development (R&D)

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

- Paddle pumps where water can pump without electric energy. It also works as an exercise.
- Dual voltage motor where motor will work at two different voltages without affecting the performance.
- Low voltage Borewell and open well Submersible Working at low voltage range
- Sump Model studies for VT Pumps and CVP Pumps - 8 Nos.
- 3800 mm Butterfly Valve (Fab), PN6
- Suction Diffusers (2" to 12" size - Total 21 Models) for HVAC & fire pump market.
- Triple Duty Valves (2" to 14" size - Total 10 Models) for HVAC & fire pump market.
- Dual Plate Check Valves (350mm, 400mm & 900mm)
- 2400, 2500 mm Butterfly Valve as per AWWA C504
- Glandless Sluice Valves- 50, 80, 100, 150, 200, 250, 300, 350mm
- Ebonite Lined Butterfly Valves - 1200mm, 1400mm, 2200mm
- 50mm to 250mm UL Listed Gate Valves (NRS and OS&Y)
- Proof of Design Test of 1200mm BFV, PN16+ rating

- Proof of Design Test of 800mm BFV, PN10 (Fab)
- Extension of process pump (type KPD range in delivery size of 200, 250 mm.)
- Development of GK Series pumps as per ISO 5199 Standard.
- Solar Pumping System.
- Range Extension of HYPN System.

b. Benefits

- Increase market potential of the Company
- Fulfill product gaps
- Enhancement of product range
- Greater depth of technological activity, in-house and with local knowledge institutions
- Improved Sump Design

c. Future plan of action

- 2600mm Butterfly Valve, PN20, 2600mm Butterfly Valve, PN16
- Development of Resilient Seated Sluice Valves (50 to 300mm)
- 500 to 1000mm Dual Plate Check Valves
- 2600mm Dual Plate Check Valve, PN20
- 2000mm Dual Plate Check Valve, PN16

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

- | | |
|--|----------------------|
| a. Capital | ₹ 26,279,966 |
| b. Recurring | ₹ 201,590,074 |
| c. Total | ₹ 227,870,040 |
| d. Total R & D Expenditure as a Percentage of total turnover | 1.22% |

2. Technology absorption, adaptation and innovation

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

- Pump selection software DOLPHIN, with technology absorption from INTELLIQUIP, USA
- Smart Dolphin - for Auto CAD drawing generation
- Development of 3800mm Butterfly Valve (Fab), PN6
- Development of Suction Diffusers (2" to 12" size - Total 21 Models)
- Development of Triple Duty Valves (2" to 14" size - Total 10 Models)
- Development of Dual Plate Check Valves (350mm, 400mm & 900mm)
- Development of 2400mm & 2500mm Butterfly Valves as per AWWA C504
- Development of Glandless Sluice Valves- 50, 80, 100, 150, 200, 250, 300, 350mm
- Development of Ebonite Lined Butterfly Valves - 1200mm, 1400mm, 2200mm

b. Benefits derived as a result of the above efforts

- Technology Up-gradation



- New interface developed in-house for transferring Dolphin orders to SAP.
- Horizontal Deployment of Dolphin for our Joint Venture Company – Kirloskar Ebara Pumps Limited and for Step down Subsidiary - SPP Pumps Limited.
- Competitive edge through product positioning
- Reduction in Product Lead Time
- Saving in Weights / Costs of components
- Addition of New Products in the range

c. Technology imported during last 5 years

Technology Imported	Year of Import	Has technology been fully absorbed?	If not fully absorbed, areas where this has not taken place, reasons there for and future plan of action
Dolphin package for Pump Selection Software	2011	Yes	
SS Fabricated impeller from Taiwan	2010	No	Partially completed
Windchill package for documentation	2011	Yes	

C. Foreign Exchange Earnings and Outgo

Exports Activities:

The Company has achieved exports of about Rs.1545 Million.

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

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

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

Foreign exchange earnings and outgo:

Earnings ₹ 1,544,447,665/-

Outgo ₹ 743,154,053/-

ANNEXURE – II TO THE DIRECTORS' REPORT

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

1	Particulars	Employees' "Share a Vision" Stock Option Scheme, 2007
a.	Number of Options granted	5,77,500 options
b.	Pricing Formula	5,52,250 options at Rs.200/- and 25,250 options at Rs.2/-
c.	Number of Options vested	1,36,540 Options
d.	Number of Options exercised	37,685 Options
e.	Total number of shares arising out of exercise of Options	37,685
f.	Number of Options lapsed	4,03,275 options
g.	Variation in the terms of the Options	No variations
h.	Money realized by exercise of Options	Rs. 32,80,000/-
i.	Total number of Options in force	1,36,540 options
j.	Employee wise details of options granted to -	Nil
	i. Senior Management Personnel	None
	ii. Any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during the year	None
	iii. Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	None
k.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 – Earnings Per Share	Rs. 5.94
l.	Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	<p>Net Profit</p> <p>As reported 471,132,258</p> <p>Add:– Intrinsic value (1,922,310)</p> <p>Less – Fair Value (1,991,958)</p> <p>As Adjusted 471,201,906</p> <p>Basic EPS</p> <p>As reported 5.47</p> <p>As adjusted 5.48</p> <p>Diluted EPS</p> <p>As reported 5.47</p> <p>As adjusted 5.48</p>
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	The company has not granted options during current financial year
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)	The company has not granted options during current financial year
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.	The company has not granted options during current financial year

**AUDITORS' CERTIFICATE**

We have examined the books of account and other relevant records and based on the information and explanations given to us, certify that in our opinion, the Company has implemented the Employees' "Share a Vision" Stock Option Scheme, 2007, in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and resolution of the Company in the 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 : May 27, 2013

Management Discussion and Analysis 2012 – 2013

World Economy

The International Monetary Fund (IMF) has stated that global growth will strengthen gradually in 2013. IMF expects the global economy to grow by 3.3 percent this year and 4 percent in 2014. The report stressed that recovery will be slow and that policies must address downside risks.

The IMF has downgraded its near-term forecast for the euro area, with the region now expected to contract slightly in 2013. The report observed that even though policy actions have reduced risks and improved financial conditions for governments and banks in the peripheral economies, those had not yet translated into improved borrowing conditions for the private sector. The IMF forecasts growth of 2 percent in the United States on account of a supportive financial market environment and the turnaround in the housing market. Japan is facing recession, however the economy may bounce back on account of the stimulus package and easing of monetary policies. Emerging market and developing economies are expected to grow by 5.5 percent this year. For emerging market and developing economies, the report underscored the need to rebuild flexible policy for sustained growth. However, the World Trade Organization (WTO) warned that a long period of weak economic growth may lead to increased protectionism.

The WTO expects the volume of exports and imports to increase at a slightly faster rate than the 2.0 percent recorded in 2012, which is well below the long-term average of 5.3 percent. However, its new forecast for growth of 3.3 percent is below its previous projection of 4.5 percent. The WTO said that weak demand from Europe will once again dampen export growth but this may be offset by Chinese growth. According to the World Bank, the average crude oil prices are expected to drop by around 4 percent in 2013-14.

Indian Economy

India's Gross Domestic Product (GDP) grew by 5.5 percent in 2012-2013. This growth rate is the lowest in the last 3 years. A weak performance by the manufacturing, agriculture and services sectors slowed the pace of economic expansion in the current year. The GDP is expected to grow between 6 and 6.5 percent in 2013-14.

Business sentiments remain weak despite reform initiatives and consumer confidence is still low. Weak industrial performance is likely to persist on account of factors like lackluster external demand and absence of reliable power supply source amidst coal shortages. Infrastructure projects in power and road construction are held back by problems like coal supply, environmental clearances, land acquisition and financial closure. Last year, the Government worked towards achieving the revised fiscal deficit target of 5.3 percent of GDP by restricting both planned and non-planned expenditure on the back of significant shortfall in tax revenue. The Reserve Bank of India (RBI) stated that gap in output may get addressed in 2013-14 although at a slow pace because of revival in investment and consumption demand.

In view of the high inflation level, the RBI may undertake only attuned measures through its monetary policy. Average Wholesale Price Index (WPI) inflation is expected to moderate from 7.5 percent in 2012-13 to 7.0 percent in 2013-14. Subsequently, the Central Bank has stated that improved global liquidity and recent policy reforms have boosted Foreign Institutional Investment (FII) inflows leading to the booming equity markets and revival of the Initial Public Offering (IPO) market.



Global Pump Market Outlook

Global demand for pumps is forecast to rise 7 percent per year through 2016 to \$75.4 billion. The market size for complete pumps amounts to around \$42 billion in 2012 (at current prices and 2010 exchange rates), with \$11.5 billion in Europe, \$4.9 billion in Africa and Middle East, \$17.3 billion in Asia and \$8.3 billion in America. Market growth is projected to be fastest in Africa and the Middle East at 8.1 percent per annum to 2017, compared with 5.1 percent in America, 4.5 percent in Europe and 6.2 percent in Asia.

There will be strong demand for pumps from developing countries like China and India due to industrialisation and investment in water and power segments. Middle East Asian countries may see growth in oil and gas markets as a result of strong drilling activity. In the United States, the boom in hydraulic fracturing will lead to increase in pump demand. The demand for process pumps in manufacturing industries may witness a strong demand because of investments and growing production in many process industries.

An increased demand for access to water supply and sanitation in developing countries will drive the pump demand in water based infrastructure market. The developed nations propose to repair and upgrade their old water infrastructure. This will lead to good replacement demand for pumps in developed countries.

Indian Pump Industry

The Indian pump industry is estimated to be ₹ 7500 Crores in 2012-13 and is likely to grow at 6.5 percent year on year to reach ₹14000 Crores by 2017-18. The market demand is driven by Water, Irrigation, Oil and Gas and Industry segments. The market to an extent will be influenced by decisions and policies taken for infrastructure projects, especially power and irrigation projects. Insufficient rains and falling water tables have led to demand for improvement in hydraulics and pump efficiency. The rising cost of fossil fuels has positively influenced the demand for pumps driven by renewable energy sources. It is

estimated that approximately 30% of total energy produced is consumed by pumps. Thus, energy audit is getting popular among users of industrial pumps on account of increasing pressure to reduce energy consumption. Subsequently, there will be an increased demand for energy efficient pumps.

Strategy and Policy

Our business transformation exercise, Manthan, was launched in 2011-12. This programme encompassed a review of long term goals, strategy development and execution. The programme continued through the current year. We focused on implementing key initiatives to ensure realisation of our short and long term agenda.

In continuation of our policy to ensure positive cash generation and optimise net current assets, we selectively booked project orders meeting our commercial policies. We are glad to report that many of our prestigious customers have aligned with our policy, since it ensures robust and sustainable delivery of our products and services. At the same time, in line with Manthan, we continue to strengthen our project management capabilities. We have exercised strict financial control on the projects business by controlling sales based on the collections done by the projects business.

Our focus in the current year remained on our products business. It grew by 20 percent over the previous year and is currently contributing 58 percent to our revenues. This emphasis has resulted in a better Return on Capital Employed (ROCE) for the company. We made significant penetration in critical applications market with prestigious orders and approvals from key market participants. We are strategically well positioned in the building and construction market through our differentiated offerings and intend to offer comprehensive solutions. We are promoting energy efficient solutions across market sectors exhibiting our commitment towards sustainability.

We focused on making our manufacturing operations lean and more productive to cater to

the growing products business. The N and NPT certificate awarded to our Kirloskarvadi factory is a testament of our technological edge and commitment to product quality. We have revamped our product development process to cut down the product development time significantly.

In our small pump business catering to the agriculture and the domestic segment, we have synchronised our supply chain. This ensures that the quality of inventory is high resulting in better product availability with minimum inventory carrying costs. All 4 factories, namely Dewas, Shirval, Kaniyur and the new Sanand plant are geared up to meet the demand for small pumps. Rapid introduction of new products is critical to success in this business. We are glad to report that the small pumps business introduced 29 new products with 400 variants in the current year and their sales contribution in the small pumps business is 15 percent.

Our company has the largest installed base of pumps in India and we are closely aligned to the after sales support requirements of our customers. We endeavour to be closer to the customer and become proactive in supporting them with service and spares. Several Manthan initiatives, including commissioning of Authorised Refurbishment Centres, are aligned to our after sales strategy.

International Business Strategy

The exports business inclusive of deemed exports was ₹ 154 Crores despite economic turmoil in the western countries. We took initiatives to improve delivery performance and reduce freight cost. Our marketing efforts helped us to secure breakthrough and repeat orders from three German Engineering Procurement and Construction (EPC) companies namely Linde, UHDE and SMS Simag. Release of KBL portal, advance stock orders for standard pumps and components, transfer price list and price calculator for non-standard pumps are measures which helped to increase the effectiveness of our international business. In order to strengthen after sales support, KBL has established a state

of the art packaging, servicing and testing facility in Cairo, Egypt. The facility caters to the Kirloskar pumps installed in Northern and Central Africa, and Middle East Asia. The SPP and Braybar production facilities in South Africa are being brought under one roof to synergise operations and achieve economies of scale.

Sustainability and Growth Initiative

KBL has released its third consecutive Sustainability Report. The Report conforms to the Global Reporting Initiatives (GRI) G3 guidelines and is declared at level A+. It is also reviewed for conformance to accountability standard of AA1000AS. Economic, environmental and social parameters are detailed in the report. Sustainability Reporting shall include the Kaniyur plant from the coming year.

We have improved monitoring and reporting of Green House Gas (GHG) emissions. During the year, we initiated measurement of emissions due to business air travel and employee commuting. The measurement helps us to formulate a plan to mitigate the ill effects of GHG emissions as a result of our business activities. Our plan to reduce GHG emissions includes increased use of energy from renewable sources, which shall help us to reduce our carbon footprint. At KBL, more than 35 percent of our energy requirements are met through energy produced from renewable sources.

Afforestation helps to reduce the CO₂ percentage from the atmosphere. Our effort towards tree plantation and awareness of benefits of tree plantation resulted in reduction of around 225 tonnes of CO₂ from the atmosphere during the year.

Energy is the most precious resource and its effective utilisation plays a vital role in the development of our economy. We not only promote energy efficient and sustainable products but also suggest measures to optimise energy consumption. We communicate and educate all stakeholders and the entire value chain on energy conservation.



We uphold the Government guidelines on employability and ensure that child labour is not involved in any of our activities across the value chain. Safety of our employees is of utmost importance. Therefore we organise safety audits and safety trainings at all KBL locations like project sites, manufacturing plants, corporate office and regional offices to strengthen safety systems. The Corporate Safety Committee reviews safety performance periodically to ensure an injury free work place.

We believe that diversity in the work force brings about innovative approaches and solutions to tackle the evolving challenges of the new era. With this in view, we have started to monitor and report diversity in the organisation. Knowledge and talent management and up-gradation of the workforce is critical for sustained competitive edge of the organisation. We have started monitoring and reporting workforce skill management and up-gradation to ensure employability.

Risks and Concerns

Risks of critical importance have been identified over a period and are scored and ranked based on their impact on the company's business and likelihood of their occurrence. A presentation on Risk Management has been uploaded on the Company's intranet for educating all employees regarding our Company's Risk Management Framework. The risk management committee meets regularly and discusses the risks as well as the mitigation actions put in place by the identified risk owners. New risks are added as per the changes in the economic and business scenarios and undergo the same evaluation and mitigation process. The earlier identified risks are also taken up for scrutiny from time to time based on the need and situation to ensure whether the plans continue to be firmly in place to overcome them or any other actions are required.

Identified risks include:

- Slowdown in GDP growth rate of India
- Shortage of funds delaying the infrastructure

projects resulting in recovery pressures

- Conformity to international laws and regulations especially in the light of various international operations of the company
- Uncertainty in the power industry
- Working capital management

Water Resource Management

In order to optimise the usage of finite water resource, there is increased thrust on water conservation, recycling and reuse to overcome water shortage. Refurbishment of the water supply infrastructure is one step the Government will undertake to eliminate water loss during distribution. The Government of India has prioritised and intends to improve water supply and sanitation facilities with schemes like Jawaharlal Nehru National Urban Renewal Mission (JNNURM). The modalities of JNNURM Phase II funding are under discussion and likely to emphasize the Public Private Participation (PPP) model. Municipal Corporations and Panchayat areas are proposed to be covered in phase II. Financial institutions like the Asian Development Bank (ADB) and Japan International Cooperation Agency (JICA) are extending funding for the distribution network. As environment protection norms are getting stringent across the globe, the Government is re-framing and strengthening policies to ensure sewage and effluent treatment facilities across India. This initiative offers us opportunity to promote our innovative and energy efficient product range which includes Lowest Life - Cycle Cost (LLC)TM pumps and Tamper Proof Kinetic Air Valves. During the year 2012-13, 20 projects were completed by the Water Resource Management Sector.

Some of the prestigious orders bagged for Lowest Life-Cycle Cost (LLC)TM pumps:

- Horizontal Split Case pumps from Delhi Jal Board for Kirari and Shalimar Projects
- Horizontal Split Case pumps from Municipal

Corporation of Greater Mumbai (MCGM)

- Large Horizontal Split Case pump-sets for HMWSSB Krishna Phase - III

Some of the projects commissioned during the year:

- 350 Million Litres Daily (MLD) Bisalpur-Jaipur Water Supply Scheme Package for three pumping stations (Balawala, Ramnivas Baug & Amanisha). The scope of work comprised of erection and maintenance equipment along with construction of a pump house
- Bangalore Water Supply and Sewage Board (BWSSB), Kaveri Phase IV with 540 MLD capacity. 6 sets of large Horizontal Split Case pumps with 2300 kW High Tension motors were commissioned at three pumping stations. This project is funded by the Japan International Cooperation Agency (JICA).
- 900 MLD pumping station for Municipal Corporation of Greater Mumbai (MCGM at Bhandup) for clear water application
- Delhi Jal Board's (DJB) pumping stations at Pipe Store and Chatrapur, Delhi
- Vertical turbine pumps in special material of construction supplied and commissioned for VA-Tech's 100 MLD Nemmalı Desalination Project, Chennai



*Delhi Jal Board's Vishwakarma Park
Pumping Station*

Irrigation

KBL has evolved into total solution provider with capabilities to conceptualise and implement irrigation projects from concept to commissioning.

Projects such as the Saurashtra Branch Canal (SBC) pumping scheme of Sardar Sarovar Narmada Nigam Limited (SSNNL) or the Godavari Lift Irrigation scheme of Irrigation and Command Area Development (I-CAD) department are classic examples wherein we provided value added solutions to the customer delight.

In the 12th Five Year Plan, the Indian Government's focus is on the completion of old and slow moving irrigation projects. Government is strengthening systems to ensure timely project completion to avoid cost overruns. This initiative will allow us to close the projects on fast-track and recover our outstanding dues.

During the year, our focus was on project closures and we made commendable progress in the states of Karnataka and Maharashtra. We improved on the mechanism to capture, manage and leverage knowledge related to project management. As a result new projects are completed in the budgeted cost and time. Benban and Rozaikat pumping schemes in Egypt are the prestigious international irrigation turnkey projects which were successfully closed in time with positive cash generation. We are now poised to undertake international irrigation projects. Our rich experience from the domestic market can be successfully leveraged and extended to the global arena.



Tadipudi Lift Irrigation Scheme (Andhra Pradesh)



Power

KBL provides innovative and energy efficient solutions for thermal, nuclear and small hydro projects. We have maintained our leadership position for pumping systems in the Indian power sector and enlarged our presence in global power market. 80 percent of this sector's business is through repeat orders, which demonstrates a high level of customer satisfaction.

Our Kirloskarvadi plant is the first pump factory in India to receive the N, NPT and MO certificate from the world renowned American Society of Mechanical Engineers (ASME), USA. This certificate will strengthen our capability to address critical applications in the global nuclear market.

During the year we received a repeat order for circulating water and auxiliary cooling water pumps for 450 MW Termozulia III power plant in Venezuela. The order is on account of the excellent performance of circulating water (CW) pumps supplied by KBL for Termozulia I project in 2007.

The Lowest Life - Cycle Cost (LLC)TM pump introduced by KBL is a boon to the market. The recent Perform Achieve and Trade (PAT) policy of the Government of India provides additional opportunities for our LLCTM pumps.

Some of the prestigious projects commissioned during the year:

- Cooling Water (CW) pumps and general service pump package for 420 MW Navoi Combine Cycle Power plant at Uzbekistan for Calik Energy, Turkey

- 10 sets of Concrete Volute Pumps (CVP) for cooling water system for India's first Ultra Mega Power Project – 5x800 MW Coastal Gujarat Power Limited (CGPL), Mundra. This installation is world's largest circulating water system for a power plant pumping 176,300 litres of sea water per second

- CW pumps for Unit I of 5x660 MW Tiroda Thermal Power project of Adani Power. The

package comprises the largest capacity Vertical Turbine pumps for circulating water application with flow rate of 39,825 m³/hr

- India's largest capacity CW pumps for sea water application for 2x507.5 MW Udipi Thermal Power Project of Lanco Energy with flow rate of 35,300 m³/hr

KBL remains the world's largest manufacturer of CVPs by delivering 15 more CVPs during the year.

We commissioned a 3800 mm Butterfly valve, the largest size butterfly valve in India, for cooling water application for 2x660 MW Nigree Thermal Power Project of Jaypee Group.

Our Hydro division provides "Water to Wire" solutions for hydro projects up to 20 MW. During the year we added 26 MW of capacity to the grid by commissioning 8 hydro turbines and the total cumulative power generation capacity addition is 95 MW by commissioning 47 hydro turbines. The result is a cumulative 3 Lakh tonnes of Carbon Emission Reduction (CER) with 40 percent plant load factor which is in line with KBL's commitment towards sustainability.

The successful commissioning and handing over of 2x2 MW Rani Perunad Hydro Electric project led to 3 new orders for 8 sets of hydro turbines with total capacity of 21.5 MW from the Kerala State Electricity Board.



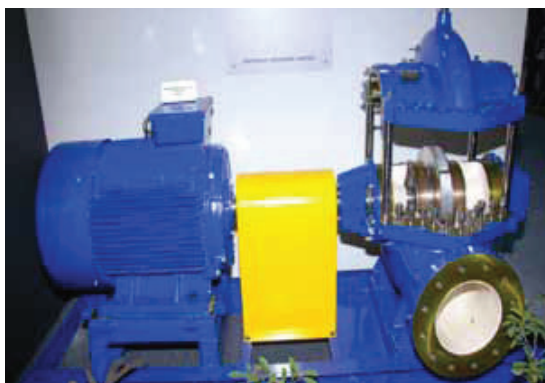
Rani Perunad Hydro Electric project

Industry

KBL decided to focus more on pumps with special material of construction for process and critical applications. 70 percent of our Industry sector revenues were from process and special material of construction pumps and balance 30 percent were from standard and utility pumps.

We took various initiatives to establish ourselves as a reliable non-API process pump manufacturer in the market through seminars, technical presentations and workshops. During the course, we added 74 new customers, and received approvals for process pumps from various Original Equipment Manufacturers (OEM), Consultants and Engineering Procurement and Construction (EPC) companies.

We conducted application engineering training for our engineers and dealers to update them with market knowledge. The year witnessed growth of Industry sector owing to some prestigious domestic orders and overseas orders from SIMEM Germany amongst others.

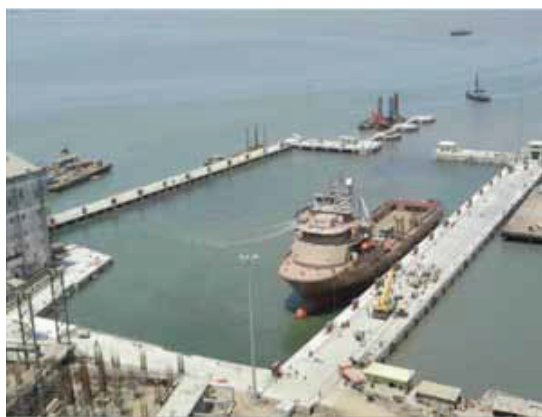


KBL's innovative Lowest Life - Cycle Cost (LLC)™ pump-set for Industry

Gas, Oil and Defence

KBL focused on catering to the non-API, critical application process market. We delivered eight offshore fire water pump packages to ONGC's offshore platforms as replacement of existing fire water pump packages, four of which were successfully commissioned.

The electro-mechanical turnkey project taken by us through ITD Cementation for design, engineering, supply, installation, testing and commissioning of Impounding Pumping System at Mazgaon Docks Limited was commissioned. Products such as indigenised auto prime pump set with sound proof enclosure were developed. The first order from Mazgaon Docks Limited for warships of the Indian Navy under project '15B' is one of our prestigious orders. Repeat orders from customers like Linde, Bharat Petroleum Corporation Limited (BPCL), Hindustan Petroleum Corporation Limited (HPCL) and Indian Oil Corporation Limited (IOCL) for various projects strengthened our position for supply of fire water and cooling water pump packages.



Mazgaon Dock Modernisation Project

Building and Construction

KBL maintained leadership in the fire market and offered differentiated solutions such as innovative space saving concepts for high rise and super high rise buildings, wet pit pump sets which are cost effective in comparison to vertical turbine pump sets and preventive solutions through SMS fire alert systems. The contribution of the new



differentiated fire products in the fire business revenue is 18 percent. This product mix provided rich dividends.

Last year we have improved our market share in the Heating, Ventilation and Air Conditioning (HVAC) and Pressure Boosting Systems (HYPN) markets. We are now approved by almost 100 percent HVAC and Plumbing consultants of India. Our enquiry bank for HVAC and HYPN has increased by more than 300 percent. We have launched new products like primary variable flow controller (PVF), high suction pressure pumps, condition monitoring systems, pumps with suction diffuser, triple duty valves and submersible pressure boosting systems. 56 major customers, consultants and contractors have visited our factories and various sites to experience how our differentiated solutions can contribute to meet their needs. We were able to maintain leadership position in infrastructure projects and bagged orders of almost all new metrorail projects like Mumbai, Jaipur, Kolkata and Gurgaon Metro. Other major orders were received from Kolkata Airport, Lodha, Mantri, ITC, DLF Group, Tata Housing and Godrej Property to name a few.



Kirloskar Multi Stage Multi Outlet Pump

Distribution

We focused on Manthan initiatives, namely, deepening and widening of footprint, Synchronised Manufacturing and Distribution System (SMDS) and channel management. The initiative of strengthening the channel network is evident from the number of retailers with the sector, which has now risen to 10,000. We successfully engineered the supply chain into Synchronised Manufacturing and Distribution System (SMDS) for agriculture and domestic products to ensure that the right product reaches the customer in time. Channel management processes were strengthened for enhanced collaboration and sustainability. Initiatives in Nepal and Bhutan to develop new channel partners and focus on business from new products resulted in growth in the business. A new pump model, 'Jalraj', for the Domestic segment was flawlessly positioned and distributed with sales crossing 50,000 units in the first year of launch.

Customer Support and Service

We inaugurated three Authorised Refurbishment Centres (ARC) during the year. The ARCs offer services like pump repair and refurbishment for life and performance enhancement. Small and Medium Pump repair and servicing at the ARC offers cost benefits to the customers. The launch of a spares warehouse in Kirloskarvadi complements the Authorised Refurbishment Centres (ARC). Initiatives like Mr. Customer and Project Mithas helped us strengthen our relationships with our customers. During the year, we launched SAP Customer Relationship Management (CRM) 7.1 and Quick Response (QR) Code. Monitoring and continuous improvement of key metrics like Mean Time To Response (MTTR) for Dewas and Kirloskarvadi product range has become possible due to implementation of a Toll Free system. The Toll Free system ensures complaints are reported to KBL and quick resolution.



*Kirloskar Authorised Refurbishment Centre
(ARC), Jamshedpur*



Process Pumps Assembly Shop

Kirloskarvadi

Kirloskarvadi factory integrated its environment, health and safety management system with sustainability reporting guidelines (GRI) and the “CII-Code for Ecologically Sustainable Business Growth”. This system is certified to ISO: 14001 and OHSAS:18001. The factory was re-validated for ISO 9001: 2008 in January, 2013.

We accelerated development of new products and subsequent results are encouraging. i-Mission, an innovative approach towards product development is continued with cross functional teams. During the year, we filed 3 patents for innovation and are strengthening our capabilities to manufacture high end products. In order to reap the benefits of improved productivity for all the products of Kirloskarvadi plant, the process of revamping the manufacturing layout is being continued across the factory.

5 Wind Mills were registered for Renewable Energy Certification under Renewable Energy Certification Registry of India and achieved benefits of around 5500 certificates per annum resulting in savings of ₹ 0.8 Crores for the year 2012-13. Runner-up Award for “Excellence in CSR - Large Enterprises” by Manufacturing Today is another award for our Kirloskarvadi factory.

Dewas and Shirval

Dewas and Shirval factories have adopted principles of lean, sustainability and innovation through which we ensured 99.2 percent availability of equipment and machines in manufacturing shops and 97.3 percent availability of equipment and machines in the foundry. We are able to recycle and reuse 100 percent waste water for gardening purpose.

Radical measures were undertaken to reduce material cost. A host of new products were developed to address the demand of Domestic, Agriculture and Industrial segments. 15 percent of small pumps business's total sale in 2012-13 came from the new products introduced in 2012-13, thereby demonstrating our commitment to innovation. There are many accolades to the credit of Dewas manufacturing plant like first prize in state level “KAIZEN” and “Quality Circle” competitions organized by CII, Madhya Pradesh, “Best performance in energy conservation (Large manufacturing Units)” and “Energy person of the year” in Kirloskar Group energy conservation competition, to name a few. Our foundry received the prestigious Shri Laxmanrao Kirloskar award for “Foundry of the year 2012” from The Indian Institute of Foundry Men.



*Best Foundry of the Year 2012 award to KBL
Dewas Factory*

Kaniyur

Our Kaniyur plant ramped up production capacity to 20,000 pumps per month by reducing cycle time. Kaniyur plant is 5S certified and won awards in Kaizen, Quality Circle and Skill competitions. New products were developed and well received in the market. Most of the employees in the plant are women showing our commitment towards gender diversity at Kirloskar.

Sanand

A new plant at Sanand, Gujarat was commissioned for manufacturing bore-well submersible pumps. In the first 8 months, production capacity was ramped up to 3,800 pumps per month. The plant has received ISO-9001, ISO-14001 and OHSAS-18001 certifications. Products manufactured in Sanand plant are eligible for BIS marking.



Sanand Plant for Submersible Pumps

Kondhapuri

The year witnessed largest order booking of ₹ 128 Crores. Apart from existing customer base from Power and Water sectors, Kondhapuri factory increased its foothold in the Industry sector. The factory garnered new certifications which include Underwriters Laboratories (UL) listing for size 50 to 250 mm Gate Valves and Proof of Design Test qualification on high pressure Butterfly Valve. The factory developed a host of new products like 3800mm Butterfly Valve, Suction Diffuser valves, Triple Duty valves and Glandless Sluice valves with gearbox and channel shoe.

In an effort to boost sustainability and improve the water table, we have installed a rain water harvesting facility at our factory. Wood consumption at the manufacturing plant is reduced and the best practices are replicated at the suppliers end. The plant received first runner up prize for best performance in energy conservation 2011-12 within Kirloskar Group.



*KBL's largest 3800 mm Butterfly Valve
manufactured at Kondhapuri Factory*

Research, Engineering and Development

The focus on new areas led to the design and development of Shut Down Cooling Pump, Primary Coolant Pump and development of special products for high pressure and high temperature applications. New product lines like Triple Duty Valves and Suction Diffuser Valves were developed to cater to the customers of Building and Construction and Industry Sector. A new range of Factory Mutual/Underwriters Laboratories (FM/UL) approved valves were developed. In line with our mission, we developed sustainable and energy efficient products such as the Lowest Life - Cycle Cost (LLC)TM pumps. LLCTM pumps offer benefits like relatively low operating cost, low maintenance cost and higher capability to minimise carbon emissions owing to sustained efficiency over the life.

Global Marketing

Global marketing has been restructured to create better visibility for the organisation in international markets. Certifications such as N and NPT have enhanced our brand position, especially in the European markets. Participation at international exhibitions such as the IFAT in Germany and CII International Engineering and Technology Fair (IETF), conferences and sector specific sessions helped to gather market insights and connect with the customers. A product specific seminar was conducted in Colombo to our advantage. An official launch of the Lowest Life - Cycle Cost (LLC)TM pump was organized at the CII IETF which gave boost to the visibility of the product. In markets such as Egypt, the attention of the press was captured by the timely completion of two pumping stations by Kirloskar Brothers Limited, in a first in terms of design to execution project.

We acquired several prestigious references in the international markets through our subsidiary company Kirloskar Brothers International. One such example is the opening of the Shard in London, the tallest building in Western Europe, which is protected by our fire fighting pumping solution.

A celebration of 25 years of the SPP plant at Reading, UK was attended by Her Royal Highness Princess Anne. She was present at the inauguration of the plant in the year 1987.

Financial Performance

Total revenue from operations stands at ₹ 1,859 Crores as against ₹ 1,769 Crores during the previous year, showing a rise of 5 percent.

- Product sector sales have risen by 20 percent over the previous year, while project sector sales have dropped by 11 percent
- Emphasis continues on reducing debtors and inventory
- We continued to be selective with orders and execution to improve the sales mix, which resulted in share of own product sales to total sales going up to 60 percent as against 58 percent in the previous year and civil sales going down to 6 percent as against 9 percent in the previous year
- Composite material cost as percent to sales has decreased to 71 percent in current year from 71.6 percent in the previous year, mainly due to increase in the product sector business
- Total expenditure including depreciation is ₹ 431 Crores as against ₹ 406 Crores in the previous year
- Finance cost including bank charges and foreign exchange loss on borrowings is lower at ₹ 44 Crores as against ₹ 54 Crores in the previous year through sustained efforts for reducing working capital and interest cost reduction initiatives
- PBT is at ₹ 72 Crores as against ₹ 34 Crores in the previous year – increase is primarily due to the emphasis on product sector business at higher margin and also due to a hit in the previous year for KCEL claims receivable written-off / provided
- Loan funds have decreased from ₹ 350 Crores in the previous year to ₹ 268 Crores in the current year through sustained efforts



- The Gross Current Assets and Net Current Assets have decreased by 3 percent and 6 percent respectively over the previous year due to our continued thrust on improving the quality of the Balance Sheet through improved working capital management

Human Resource

This year's focus was on leadership development and competency mapping. The competency framework was used for designing different tools and processes namely the 360 degree feedback, assessment centre, talent acquisition and development. Succession planning was done for the top three levels in the company. This is supported by critical position succession planning and talent pool trained for leadership roles.

To reinforce KBL Values and Ethics amongst employees, a refresher workshop and online self-certification test were organised. In line with the future needs of the business, customised functional trainings were conducted. We inducted 30 graduate and post graduate engineer trainees from prestigious institutions like IITs and RECs to supplement innovation culture in the organisation.

KBL gives immense importance to Employee Engagement Surveys (EES). In the last EES conducted through AON Hewitt, KBL was classified in the "Best Employer" category with the score of 74 percent. This year EES was conducted at most of KBL subsidiaries namely SPP Pumps Limited, The Kolhapur Steel Limited, Kirloskar Corrocoat Private Limited, Hematic Motors Private Limited, Kirloskar Brothers Europe BV and Kirloskar Brothers (Thailand) Limited. Actions on Employee Engagement Survey findings have benefited KBL by reducing attrition by 2.5% over 2011-12. Engagement amongst workmen in the last EES was 4.02 grand mean (out of 5). We proudly state that at all manufacturing locations the industrial relations scenario is harmonious and peaceful. Long term wage agreements are signed at Kondhapuri and Shirval operations.

During the year, the message from the Chairman and Managing Director was to focus on innovation as a path to growth and sustainability. To strengthen the innovation culture in the organisation, trainings and interactive lectures by top innovation experts and renowned scientist like Dr. R. A. Mashelkar and Dr. Vijay Bhatkar were conducted. Innovation champions were trained to implement "Design Thinking Approach", which inculcates culture of "thinking differently and innovatively" amongst the employees. The approach focuses on finding innovative solutions to process or product improvements and development.

Our Corporate Social Responsibility (CSR) activities are mainly to support key community needs of education and health in the vicinity of our operations and offices. KBL employees volunteered for CSR activities and devoted 39758 hours during the year in societal work. The societal survey helps to identify location-wise societal needs requiring attention. Our major CSR activities include career guidance to students, WASH (Water, Sanitation and Hygiene), pre-natal courses, women health check-up, medical care facility for the society, distribution of school aids to children including physically challenged ones, mega plantation at Dewas and blood donation camps.

Our Dewas plant was awarded following accolades during the year for CSR initiatives – "The Best Corporate Social Responsibility Practices" by World CSR Congress, Mumbai, "Overall Excellence in CSR" by Amity in CSR Conclave, "MT Excellence Award in Safety" by Manufacturing Today magazine, Mumbai.

The total permanent employee strength of KBL is 2446 as of March 31, 2013.



Design Thinking Workshop for Middle Management of KBL

The company continues to benchmark the audit process of KBL and its subsidiary companies.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's projections and estimates are forward looking statements and progressive within the meaning of applicable security laws and regulations. Actual results may vary from those expressed and incidental factors.

Internal Control Systems

The company has an Internal Audit Charter specifying 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 drawn at the beginning of the year. The audits are conducted to examine the efficiency and effectiveness of the internal controls. For this purpose, the company has continued the practice of appointing professional firms of chartered accountants.

The internal audit reports are initially presented to the executive committee of the management consisting of the Chairman and Managing Director and the 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 company's internal control environment and monitors the implementation of audit recommendations.

During the current year, the Corporate Internal Audit department with the help of Corporate Information Center developed a web based tool to track issues. The web based tool supports monitoring of implementations status of internal audit recommendations on a real time basis.



REPORT ON CORPORATE GOVERNANCE

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

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

2. Board of Directors :

The Board comprises of an optimal complement of independent professionals as well as Company executives having in-depth knowledge of business. As on March 31, 2013, there were eleven directors having one Managing Director, one Whole Time Director and nine (82%) non-executive directors of whom six (55%) are independent directors.

During the financial year under review, six Board meetings were held on the following dates: April 25, 2012, July 18, 2012, October 18, 2012, November 29, 2012, January 23, 2013 and March 15, 2013.

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

The details are explained in the Table below:

Name of Director	Designation / Category of Directorship @	Board Meetings attended	Attendance at last AGM	No. of other Directorships held	No. of Committees of which Member / Chairman*
Mr. Sanjay Kirloskar	CMD	6	Present	11	1/0
Mr. Gautam Kulkarni (Upto 25.04.2012)	VC/NED	1	-	-	-
Mr. Vikram Kirloskar	NED	1	Present	16	5/2
Mr. M.S. Kirloskar (Upto 28.02.2013)	NED (I)	1	-	-	-
Mr. S.N. Inamdar	NED (I)	6	Present	10	3/4
Mr. Rahul Kirloskar	NED	5	Present	11	2/0
Mr. R.K. Srivastava (Upto 31.05.2012)	WTD	1	-	-	-
Mr. U.V. Rao	NED (I)	6	Present	4	1/2
Mr. P. S. Jawadekar	NED (I)	6	Present	3	1/1
Mr. J. R. Sapre	WTD	6	Present	9	1/0
Mr. A.N. Alawani	NED (I)	5	Present	6	3/5
Mrs. Lalita D. Gupte	NED (I)	6	Present	6	3/1
Mr. Pratap B. Shirke	NED (I)	4	Present	12	2/0
Mr. Alok S. Kirloskar (w.e.f. 18.07.2012)	NED	2	-	3	0/0

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

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

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

- (1) Directorships in Private Limited Companies, Foreign Companies are included in the above table.
- (2) Company while selecting independent directors on the Board inter alia considers his Qualification, Experience, Age and his other directorships etc. The Company obtains an affirmative statement from each of the independent directors that they meet the criteria of independence.

An independent director is a non-executive director who, apart from receiving director's remuneration, does not have any material pecuniary relationship or transactions with the Company, its promoters or its management or its subsidiaries and associates which in the judgement of the Board, may affect his independence of judgement and complying with other conditions as prescribed under Clause 49 of the listing agreement.

- (3) All the relevant information suggested under Annexure 1A of Clause 49 of the Listing Agreement is furnished to the Board from time to time.

3. Code of Conduct :

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

4. Audit and Finance Committee :

The Audit and Finance Committee was constituted in July, 2000. This committee is constituted in line with the provisions of Clause 49 of the Listing Agreement read with section 292A of the Companies Act, 1956. It comprised of four Directors viz. Mr. S. N. Inamdar as the Chairman, Mr. U. V. Rao, Mr. P. S. Jawadekar and Mr. Pratap B. Shirke as the Members. Mr. S. N. Inamdar is a Non-Executive Independent Director. Thus the Company fulfils the requirements under the Clause 49 of the Listing Agreement. On April 25, 2012, Mr. Gautam Kulkarni has tendered his resignation from the Directorship of the Company and hence from that date he ceases to be a member of the Audit and Finance Committee.

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

A) The terms of reference:

- Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment of external auditors, fix their remuneration.
- Reviewing with the management the quarterly & annual financial statements before submission to the Board focusing primarily on
 - Any change in the accounting policies & practices.
 - Major accounting entries based on exercise of judgement by management.
 - Significant adjustments arising out of audit.
- Qualifications in draft audit report.
- Compliance with Stock Exchanges legal and accounting requirements concerning financial statements.
- Any related party transactions.
- Structure & strength of internal audit department reporting structure, coverage and frequency of internal audit, financial & risk management policies particularly relating to foreign exchange exposure.
- Defaults in the payment to depositors, debenture-holders, shareholders & creditors.
- Reporting by management on key financial ratios.
- Reporting on recovery of dues, delays and reasons therefor.
- Statements accompanying Public Issue of any security.
- Reporting on branch audits, if any. Full access to information and data.
- To obtain outside legal or other professional advice.



- To secure attendance of outsiders with relevant expertise, if it considers necessary.
- Approval of payment to statutory auditors for any other services rendered by statutory auditors.
- Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
- Discussion with internal auditors on any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditor into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- Carrying out any other function as per directions from the Board from time to time.
- Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background of the candidate.

B) Powers:

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

During the year, five Audit and Finance committee meetings were held on April 25, 2012, June 5, 2012, July 18, 2012, October 18, 2012 and January 23, 2013.

Attendance at Audit and Finance Committee meetings:

Member's Name	No. of Meetings attended	Member's Name	No. of Meetings attended
Mr. S. N. Inamdar	5	Mr. U. V. Rao	5
Mr. Gautam Kulkarni (Upto 25.4.2012)	1	Mr. Pratap B. Shirke	3
Mr. P. S. Jawadekar	5		

5. Remuneration of Directors :**Remuneration Committee**

The Remuneration committee was constituted in the year 1999. It comprised of three Directors as under:

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

On April 25, 2012, Mr. Gautam Kulkarni has tendered his resignation from the Directorship of the Company and hence, from that date he ceases to be a member of the Remuneration Committee.

During the year, Remuneration Committee meeting was held on April 25, 2012.

Attendance at Remuneration Committee Meeting :

Member's Name	No. of Meetings attended	Member's Name	No. of Meetings attended
Mr. P. S. Jawadekar	1	Mr. S. N. Inamdar	1
Mr. Gautam Kulkarni (Upto 25.4.2012)	1	Mr. A. N. Alawani	1

Remuneration to Directors:

- The payments made to executive directors have been reviewed by the Remuneration Committee from time to time and confirmed by the Board of Directors.
- Non Executive Directors were paid a sitting fee of ₹ 10,000/- for every meeting of the Board and Committee attended by them. Based on their membership of various committees and their time

involved in the operations of the Company, the non-executive directors will be paid upto an aggregate amount of ₹ 5,655,000/- for the year ended March 31, 2013, by way of commission.

- There are no pecuniary relationships or transactions of the non-executive directors vis-a-vis the Company.
- All elements of remuneration to all directors have been provided in the statement hereinafter.
- Except whatever is stated in the statement, there is no other fixed component or performance linked incentives to any director.

During the last year, under the Employees' "Share a Vision" - Stock Option Scheme, 2007 (ESOS-2007), no options have been granted. However, 18,750 equity shares of ₹ 2/- each were issued and allotted to employees against stock options granted earlier, at an Exercise price of ₹ 2/- per share.

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

Tranche I of options i.e. 30% of the total options vested on August 31, 2008 - which lapsed in the year 2011-12, due to expiry of exercise period for said tranche. The vesting of the Tranche II (August 31, 2009) stands cancelled due to non achievement of the performance targets specified in the performance matrix. Tranche III of options i.e. 40% of the total options stand vested on August 31, 2010.

Details of remuneration paid to Directors for the year 2012-13 are as follows :

₹

Name of Director	Sitting Fees	Commission on Profits	Salary	Contribution to Statutory Funds	Perquisites	Others	Total
Executive Directors							
Mr. Sanjay Kirloskar	-	20,000,000	6,480,000	1,749,600	3,362,793	-	31,592,393
Mr. R. K. Srivastava (Upto 31.05.2012)	-	1,000,000	400,000	108,000	229,095	-	1,737,095
Mr. J. R. Sapre	-	10,000,000	3,900,000	918,000	820,415	-	15,638,415
Non-Executive Directors							
Mr. Vikram Kirloskar	10,000	60,000	-	-	-	-	70,000
Mr. Gautam Kulkarni (Upto 25.04.2012)	30,000	235,000	-	-	-	-	265,000
Mr. M. S. Kirloskar (Upto 28.02.2013)	10,000	60,000	-	-	-	289,322*	359,322
Mr. S. N. Inamdar	130,000	1,160,000	-	-	-	125,000	1,415,000
Mr. Rahul Kirloskar	50,000	300,000	-	-	-	-	350,000
Mr. U. V. Rao	120,000	1,135,000	-	-	-	-	1,255,000
Mr. P. S. Jawadekar	120,000	1,135,000	-	-	-	-	1,255,000
Mr. A. N. Alawani	90,000	400,000	-	-	-	-	490,000
Mrs. Lalita D. Gupte	60,000	360,000	-	-	-	-	420,000
Mr. Pratap B. Shirke	70,000	690,000	-	-	-	-	760,000
Mr. Alok S. Kirloskar (w.e.f. 18.07.2012)	20,000	120,000	-	-	-	-	140,000

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

Directors' Service Contracts' Details :

Executive Directors	Service Contract and Period	Severance Fees
Mr. Sanjay C. Kirloskar	Agreement dt.23.07.11 :: Period: 19.11.10 to 18.11.15	**
Mr. R. K. Srivastava#	Agreement dt.23.07.11 :: Period: 19.09.10 to 31.05.12	Nil
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

Ceased to be the Whole Time Director with effect from May 31, 2012



Statement showing number of Equity Shares of ₹ 2/- each of the Company, held by the present Non Executive Directors as on March 31, 2013 :

Non-Executive Directors	No. of shares	% to paid up capital
Mr. Gautam Kulkarni (Upto 25.04.2012)	435,012	0.55
Mr. M. S. Kirloskar (Upto 28.02.2013)	1,125	0.001
Mr. S. N. Inamdar	32,816	0.04
Mr. Rahul Kirloskar	404,501	0.51
Mr. Vikram S. Kirloskar	70,236	0.09
Mr. U. V. Rao	-	-
Mr. P.S. Jawadekar	6,000	0.008
Mr. A. N. Alawani	7,500	0.01
Mrs. Lalita D. Gupte	-	-
Mr. Pratap B. Shirke	16,000	0.02
Mr. Alok S. Kirloskar	6,187	0.008

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

Mr. Vikram S. Kirloskar

Mr. Vikram Shreekant Kirloskar (54) is a Non-Executive Director on the Board of Kirloskar Brothers Limited. He graduated from Massachusetts Institute of Technology, USA with a Bachelor of Science in Mechanical Engineering and has been trained in various Companies in India and abroad in different capacities.

Mr. Vikram Kirloskar is responsible for setting up successful Joint Venture Companies like Kirloskar Toyota Textile Machinery Private Limited, Toyota Kirloskar Motor Private Limited (the manufacturer of the Toyota Corolla and Toyota Qualis vehicles, of which he is the Vice Chairman) and Toyota Kirloskar Auto Parts Private Limited (of which he is the Vice Chairman). He is also the Chairman & Managing Director of Kirloskar Systems Limited.

Other Directorships:

Kirloskar Pneumatic Company Limited, Kirloskar Proprietary Limited, Kirloskar Systems Limited, Quadrant Communications Limited, Asara Sales & Investments Private Limited, Denso Kirloskar Industries Private Limited, Kirloskar Technologies Private Limited, Kirloskar Toyota Textile Machinery Private Limited, Toyota Kirloskar Auto Parts Private Limited, Toyota Kirloskar Motor Private Limited, Takshasila Healthcare and Research Service Private Limited, VikramGeet Investments and Holdings Private Limited, Toyota Material Handling India Private Limited, Takshasila Hospitals Operating Private Limited, VSK Holdings Private Limited, Global Innovation and Technology Alliance.

Other Committee positions:

Company Name	Audit Committee	Remuneration Committee
Kirloskar Systems Limited	Member	-
Denso Kirloskar Industries Private Limited	Member	Chairman
Kirloskar Toyota Textile Machinery Private Limited	Chairman	Member
Toyota Kirloskar Auto Parts Private Limited	Member	Chairman
Toyota Kirloskar Motor Private Limited	Member	-
Toyota Material Handling India Private Limited	Member	-
Takshasila Hospitals Operating Private Limited	Chairman	-

He is holding 70,236 (0.09%) Equity Shares of ₹ 2/- each of the Company. Out of these shares, Mr. 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. He is not related to any other director on the Board of the Company.

Mr. U.V. Rao

Mr. Udipi Vasudeva Rao (83) is an Independent Director on the Board of Kirloskar Brothers Limited. He is the former Managing Director and Chief Executive Officer of Larsen and Toubro Limited.

Mr. U. V. Rao is B.E. in Electrical Engineering, Post graduate from Indian Institute of Science, Bengaluru in Power Engineering, Post graduate from Bombay University in Industrial Management. He has studied Advanced Management in the Harvard Business School and at Stanford University, USA.

He is past President of Indian Electrical and Electronic Manufacturers Association, past Chairman CII (WR), past Honorary Counsel General for Denmark for Western India, past Chairman of Indo-Danish Business Committee, past member of Board of Governors, IIM-Ahmedabad. He is a past member Capital Goods Committee of planning Commission, past member of Development Council for Heavy Electrical Industries and Earth moving machinery, Government of India.

Mr. U. V. Rao has nearly four decades of experience in Larsen and Toubro Limited and has worked in various positions in marketing, manufacturing and as Managing Director and CEO. He has won several national and international awards.

Mr. U.V. Rao is a member of Audit and Finance Committee and Committee of Directors of the Company.

Other Directorships:

Kirloskar Oil Engines Limited, TIL Limited, John Fowler (India) Private Limited, Dickinson Fowler Private Limited.

Other Committee positions:

Company Name	Audit Committee	Remuneration Committee
Kirloskar Oil Engines Limited	Chairman	-
TIL Limited	Chairman	Member

He is not holding any Equity Share of ₹ 2/- of the Company. He is not related to any other director on the Board of the Company.

Mrs. Lalita D. Gupte

Mrs. Lalita Dileep Gupte (64) is currently Chairperson of ICICI Venture Funds Management Company Limited. She retired at the end of October 2006 as Joint Managing Director and Member of the Board of ICICI Bank Limited. Mrs. Gupte was responsible for setting up the International business of ICICI Bank since 2001.

Beginning her career with ICICI Limited in 1971 in the project appraisal division, Mrs. Gupte has held various leadership positions in areas of Corporate and Retail Banking, Strategy, Resources, and International Banking and other areas. She was instrumental in transforming ICICI Bank from a primarily term lending institution into a technology led diversified financial services group. Mrs. Gupte was at the helm of ICICI Bank's global foray. Mrs. Gupte has received numerous awards and recognitions.

She is a Member of the Board of Governors of Welham Girls' School. Mrs. Gupte is also on the CAPP Board of RAND and the Dean's Advisory Board of the Rotman School of Management, University of Ontario.

Mrs. Gupte holds a Bachelor's Degree in Economics (Hons) and a Masters degree in Management Studies.

Other Directorships:

ICICI Venture Funds Management Company Limited and Swadhaar FinServe Private Limited as Chairperson and as Director on the Boards of Bharat Forge Limited, HPCL-Mittal Energy Limited, Godrej Properties Limited and Alstom.

**Other Committee positions:**

Company Name	Audit Committee	Shareholders' Grievance Committee	Remuneration Committee
Bharat Forge Limited	-	Member	-
HPCL-Mittal Energy Limited	Chairperson	-	-
Godrej Properties Limited	Member	-	Chairperson
Alstom	Member	-	-

She is not holding any Equity Share of ₹ 2/- of the Company. She is not related to any other director on the Board of the Company.

Mr. Alok S. Kirloskar

Mr. Alok Sanjay Kirloskar (29) has done his Bachelor of Science in Business Administration with concentration in Finance from Carnegie Mellon University, Pittsburgh, PA, USA. He had the honor 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 international marketing business and he acquainted himself with the functioning of various departments / sectors. Later he was 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.

Other Directorships:

SPP Pumps Limited - Managing Director and on the Boards of Micawber 784 (Proprietary) Limited and Braybar Pumps (Proprietary) Limited.

He is holding 6187 (0.008%) Equity Shares of ₹ 2/- each of the Company. He is son of Mr. Sanjay C. Kirloskar, Chairman and Managing Director of the Company.

7. Shareholders' / Investors' Grievance Committee :

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

Mr. M. S. Kirloskar, Chairman of the Committee and a non-executive Independent Director of the Committee ceased to be a Director of the Company and Chairman of the Committee due to his sad demise on February 28, 2013. Other Committee members are Mr. A. N. Alawani and Mr. Sanjay Kirloskar. Mr. A. N. Alawani, a non-executive director and member of the Investors Grievance Committee of the Board is appointed as Chairman of the Investors' Grievance Committee by the Board with effect from March 15, 2013.

During the year under the report, two Investors' Grievance committee meetings were held on October 4, 2012 and March 11, 2013.

Attendance at Investors' Grievance Committee meetings:

Member's Name	No. of Meetings attended
Mr. M.S. Kirloskar (Upto 28.02.2013)	-
Mr. Sanjay Kirloskar	2
Mr. A. N. Alawani	2

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

Name and designation of Compliance Officer:

Mr. Sandeep Phadnis, Company Secretary

Associate Vice President and Head - Corp. Secretarial and Legal

No. of Shareholders' complaints received:

There were no complaints received from the Shareholders during the year ended March 31, 2013 and there were no complaints / Share transfers outstanding / pending as on March 31, 2013.

With reference to clause 47(f) of the Listing Agreement, Company has designated 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.

8. General Body Meetings :

Details of last three Annual General Meetings held:

i) 90 th Annual General Meeting	July 27, 2010: 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 payment and distribution of Commission to non executive Directors for five years from April 1, 2010For approval of shareholders for allowing reimbursement of travelling and other expenses to Mr. M.S. Kirloskar, non executive independent Director, for five years from April 1, 2010For approval of shareholders for holding and continue to hold an office or place of profit in the Company as Assistant Manager by Ms. Preeti J. Sapre, daughter of Mr. Jayant R. Sapre, Whole Time Director of the Company with effect from February 2, 2010 with other terms and conditions for her appointment.	
ii) 91 st Annual General Meeting	July 23, 2011: 11.00 A. M. Yamuna, Survey No.98 (3-7), Baner, Pune - 411 045
No Special resolution has been passed at this meeting.	
iii) 92 nd Annual General Meeting	July 18, 2012: 11.00 A. M. Yamuna, Survey No.98 (3-7), Baner, Pune - 411 045
Special resolution passed: <ul style="list-style-type: none">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.	

9. Disclosures :

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

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

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

None



- iii. a. Whistle Blower Policy:
- The Company has formulated and implemented the Whistle Blower Policy ("the Policy"). This would inter alia provide a mechanism for employees of the Company and other persons dealing with the Company to report to the Chairman of the Audit and Finance Committee; any instance of unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct. Thus, any employee has access to the Audit and Finance Committee.
- The Policy has been communicated to all the Employees of the Company and other persons dealing with the Company, through circular/display on the Notice Board/display on the Intranet 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 formulated and implemented the Policy for prevention of sexual harassment at work during the year 2008. This would inter alia provide a mechanism to prevent or deter the commission of acts of Sexual Harassment or inappropriate behaviour at work and to ensure that all employees are treated with respect and dignity. Under the said policy, the procedures for the resolution, settlement or prosecution of acts or instances of Sexual Harassment have also been provided for.
- c. Code of Ethics:
- The Company released Company's "Code of Ethics" on December 7, 2009. This is one of the important documents of the Company and a guide to ethical behaviour for personnel with the Company.
- iv. All mandatory requirements of Clause 49 of the Listing Agreement have been complied with by the Company and the extent of adoption of non-mandatory requirements are given hereunder.

Non-Mandatory requirements:

- The Board -
The Company has Executive Chairman and the office with required facilities is provided and maintained at the Company's expenses for use by the Chairman.
No policy has been fixed on tenure of Independent Directors.
- Remuneration Committee -
Committee is already in place and complying with related non-mandatory requirements.
- Shareholders' Rights -
The half-yearly financial results are published in the English and Vernacular newspapers and are also displayed on the Company's website and also have been separately circulated to the shareholders, since half year ended September, 2007.
- Audit qualifications -
The Company is already in the regime of unqualified financial statements.
- Training of Board Members -
The present Board of Directors is already comprised of well experienced and responsible members of the society and they themselves have represented as faculties to many training institutes.
- Mechanism for evaluating Non-executive Board Members -
No specific mechanism is in place in the Company.
- Whistle Blower Policy -
The Company has a Whistle Blower Policy. It inter alia provides a mechanism for employees of the Company and other persons dealing with the Company to report to the Chairman of the Audit and Finance Committee; any instance of unethical behaviour, actual or suspected fraud or violation of

the Company's code of conduct. It also provides for adequate safeguards against victimisation of such employees. Further, the existence of the mechanism has been appropriately communicated within the organisation.

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, Vision Mission statements. 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.

10. Means of Communication :

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

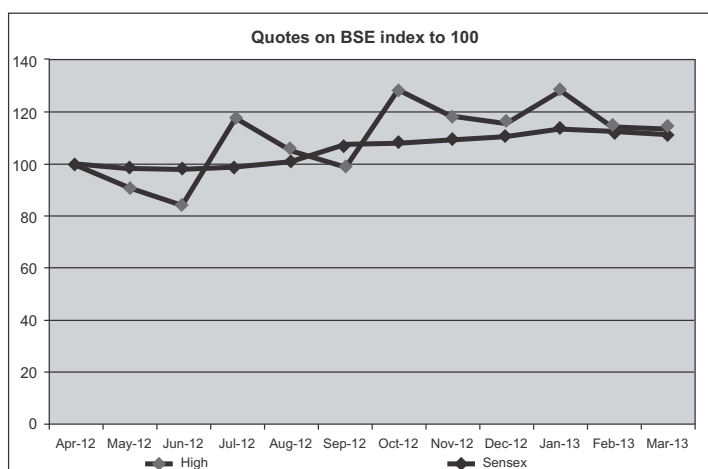
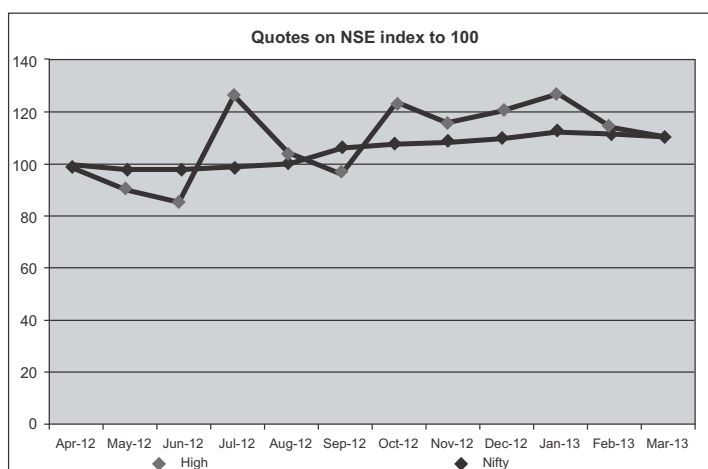
11. General Shareholders information :

93rd Annual General Meeting

Day & Date	: Wednesday, July 24, 2013
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
Dates of book closure	: Saturday, July 20, 2013 to Wednesday, July 24, 2013 (Both days inclusive)
Dividend payment date	: On or before August 8, 2013, 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
Listing fees payment	: The Annual Listing fees have been paid and there is no outstanding payment towards the stock exchanges, as on date
Stock codes / Symbol	: BSE Limited - 500241 National Stock Exchange of India Limited - KIRLOSBROS - EQ ISIN - INE732A01036


Market Price Data :

Month	Quotations on B S E		Quotations on N S E	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2012	143.00	121.50	144.45	121.20
May 2012	130.95	108.00	132.00	108.10
June 2012	121.85	110.15	124.40	109.00
July 2012	169.00	116.35	183.80	116.60
August 2012	151.20	128.00	151.00	130.60
September 2012	142.00	127.00	141.00	125.10
October 2012	184.85	132.50	180.00	134.00
November 2012	169.50	143.15	170.00	144.10
December 2012	165.75	151.00	175.00	151.35
January 2013	184.25	153.05	184.35	153.30
February 2013	164.50	147.00	166.00	146.15
March 2013	163.00	135.30	161.00	135.05

Performance in comparison to broad based indices - BSE sensx :

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


Registrar and Transfer Agent:

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

Link Intime India Private Limited,
(Unit: Kirloskar Brothers Limited),
Block No. 202, 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 10000 shares has been delegated to the Company Secretary and Deputy Company Secretary. The proposals for transfer of shares above 10000 shares are placed before the Investors' Grievance Committee/Board. The share transfers received are processed within 15 days from the date of receipt subject to the transfer instrument being valid and complete in all respects. In compliance with the Listing guidelines, every six months, a practising Company Secretary audits the system of transfer and a certificate to that effect is issued.

Out of total paid-up share capital, 92.90% share capital is held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited as on March 31, 2013.

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

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

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

Change in Equity Capital during the financial year 2012-13

Particulars	No. of shares of ₹ 2/- each	Total share capital (₹)
Issued and Paid-up Equity as on March 31, 2012	79,339,701	158,679,402
Add: shares allotted under ESOP	18,750	37,500
Issued and Paid-up Equity as on March 31, 2013	79,358,451	158,716,902


Distribution of Shareholding as on March 31, 2013 :

Nominal value of shares (In ₹)		Number of Holders	% to Total Holders	Total Face Value (In ₹)	% to Total Face Value
From	To				
1	5000	16005	93.97	10,357,440	6.53
5001	10000	570	3.35	3,949,408	2.49
10001	20000	257	1.51	3,555,136	2.24
20001	30000	57	0.33	1,405,238	0.88
30001	40000	35	0.21	1,243,218	0.78
40001	50000	24	0.14	1,091,182	0.69
50001	100000	32	0.19	2,263,464	1.43
100001	Above	52	0.30	134,851,816	84.96
TOTAL		17032	100.00	158,716,902	100.00

Shareholding Pattern as on March 31, 2013 :

Sr. No.	Category	No. of shares	% of shareholding
1	Promoters' Holding*		
	Indian Promoters	30,878,719	38.91
	Bodies Corporate	19,250,141	24.26
2	Non Promoters' Holding		
	Mutual Funds	5,715,291	7.20
	Financial Institutions / Banks	91,143	0.11
	Insurance Companies	4,012,375	5.06
	Foreign Institutional Investors	2,728,722	3.44
	Bodies Corporate	2,880,191	3.63
	Indian Public	13,645,983	17.19
	Non Resident Indians	155,886	0.20
	TOTAL	79,358,451	100.00

*Out of Promoter's holding, no share has been pledged by the Promoters or persons under Promoter Group.

Top Ten Shareholders other than Promoters as on March 31, 2013

Sr. No.	Name of the shareholders	No. of shares of ₹ 2/- each	% of holding
1	Reliance Capital Trustee Co. Ltd.	4,815,291	6.07
2	The New India Assurance Company Limited	1,513,002	1.91
3	General Insurance Corporation of India	1,407,434	1.77
4	ICICI Prudential Life Insurance Company Ltd.	1,167,510	1.47
5	ICICI Prudential Tax Plan	900,000	1.13
6	Warburg Value Fund	892,224	1.12
7	Amansa Capital Pte. Limited	882,493	1.11
8	The Oriental Insurance Company Limited	705,761	0.89
9	The Mysore Kirloskar Ltd.	562,500	0.71
10	Aadi Financial Advisors LLP	544,365	0.69

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

As on 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 – 65	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, Karumathampatti - PO, Sulur Taluk, Coimbatore – 641659 Tamil Nadu (India) 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) 2721 1030 Fax No. (020) 2721 1136 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) 2616 0084 Fax No. (020) 2616 3503 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 Fax No. (022) 2272 1919	National Stock Exchange of India Limited, Exchange Plaza, Bandra-Kurla Complex, Bandra (East) Mumbai – 400 051 Tel. No. (022) 2659 8100 Fax No. (022) 2659 8120
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Depositories for equity shares :

National Securities Depository Limited Trade World – A Wing, Kamala Mills Compound, Lower Parel, Mumbai – 400 013 Tel. No. (022) 2499 4200 Fax No. (022) 2497 6351	Central Depository Services (India) Ltd. Phiroze Jeejeebhoy Towers, 16 th Floor, Dalal Street, Mumbai - 400 001 Tel. No. (022) 2272 3333 Fax No. (022) 2272 3199
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**DECLARATION FOR COMPLIANCE WITH CODE OF CONDUCT**

To the members of **KIRLOSKAR BROTHERS LIMITED**

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

For Kirloskar Brothers Limited

Sanjay Kirloskar
Chairman and Managing Director

Pune : May 27, 2013

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, 2013, 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 : May 27, 2013

**Disclosure under Clause 5All 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 of the year 2012-13	2622	1414330
(ii)	Number of shareholders who approached the company for transfer of shares from shares considered to be transferred to the Unclaimed Suspense Account during the year 2012-13	51	73395
(iii)	Number of shareholders to whom shares were transferred from shares considered to be transferred to the Unclaimed Suspense Account during the year 2012-13	30	28086
(iv)	Aggregate number of shareholders and the outstanding shares considered to be transferred to the Unclaimed Suspense Account at the end of the year 2012-13	2571	1340935

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

With reference to the General Circular No. 15/2011 – 52/5/CAB-2011 dated April 11, 2011 issued by the Government of India, Ministry of Corporate Affairs, Cost Audit Branch, New Delhi on revised procedure for appointment of Cost Auditor by the Companies - effective from the financial year commencing on or after April 1, 2011; disclosures on compliances made during FY 2012-13 are given below :

Particulars of the Cost Auditor :

Name of Firm : PARKHI LIMAYE & CO.
Firm Registration No : 000191
PAN of Firm : AAJFP2875P
Regd. Office of Firm : 'Aabha', Plot No 16, Siddhakala CHS, Warje,
Pune - 411 058
Address for Correspondence : 32, Navketan Society, Kothrud, Pune - 411 038
Telephone : 020 - 2543 0388
E-mail : parkhilimaye@hotmail.com

Filing of Cost Audit Report under XBRL for FY 2011-12 by Cost Auditors :

Due date : February 28, 2013 (As extended by MCA vide circular No.2/2013 dated January 31, 2013)
Filing date : December 25, 2012

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

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

Report on Other Legal and Regulatory Requirements

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

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

Abhijeet Bhagwat
Partner
Membership No.: 136835

Pune : May 27, 2013

**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 have been physically verified by the management during the current year based on the regular programme of verification which in our opinion is reasonable having regard to the size of the company and the nature of its assets. According to the information and explanations given to us, discrepancies noticed on physical verification were not material and have been properly dealt with in the books of account.
- (c) The Company has not disposed off substantial part of its fixed assets during the current year.
- (ii) (a) Physical verification of inventory has been conducted by the management during the 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 have been properly dealt with in the books of account.
- (iii) (a) According to the information and explanation 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 301 of the Act during the current year. The balance of loan given in the earlier years is mentioned below :

Name of Party	Relationship with Company	Year End Balance (₹)	Maximum balance (₹)
The Kolhapur Steel Limited	Subsidiary	15,714,020/-	45,714,020/-

- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the unsecured loan given by the Company is prima facie not prejudicial to the interest of the Company.
- (c) In our opinion and according to the information and explanation given to us, the receipt of the principal amount and interest are as per the terms of the loan agreement.
- (d) According to the information and explanations given to us, there is no overdue amount on account of the principal or interest.
- (e) The Company taken unsecured loan from its subsidiary Company during the current year.

Name of Party	Amount (₹)	Year End Balance (₹)	Maximum balance (₹)
Hematic Motors Private Limited	120,000,000/-	120,000,000/-	120,000,000/-

- (f) In our opinion and according to the information and explanations given the rate of interest and other terms and conditions of the unsecured loan taken by the Company is prima facie not prejudicial to the interest of the Company.
- (g) In our opinion and according to the information and explanation given to us, the payment of the principal amount and interest are as per the terms of the loan agreement.
- (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) (a) According to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.

- (b) In our opinion and according to the information and explanations given to us by the management, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the current year and does not have any outstanding public deposits, hence the provisions of sections 58A, 58AA or any other relevant provisions of the Act and the rules framed thereunder and the directives issued by the Reserve Bank of India are not applicable to the Company.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not however made a detailed examination of records with a view to determine whether they are accurate and complete.
- (ix) (a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and other material statutory dues applicable to it 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, 2013, for a period of 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, custom duty, excise duty and 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	1,559,318	1982-83 & 2002-04	Appellate Tribunal
		59,308,504	1989-93, 1994-96 & 2004-08	High Court
		812,900	2006-07	Appellate Commissioner
		10,311,908	2005-07 & 2008-10	Commissioner
		691,139	1993-94 & 1999-2001	Assistant Commissioner
		4,791,506	1992-93	Appellate Assistant Commissioner
Central Sales Tax Act, 1956	Central Sales Tax	411,716	1993-94	High Court
		1,310,219	2008-11	Assistant Commissioner (Appeals)
		3,734,848	2007-08 & 2010-11	Assistant Commissioner
		240,513	1986-87	Assistant Commissioner
Finance Act, 1994	Service Tax	170,837,723	2011-12	Appellate Tribunal
		467,366,032	2012-13	Commissioner
Central Excise Act, 1944	Excise Duty	24,050,737	2003-04 & 2006-10	CESTAT
		1,125,847	2005-06	Appellate Tribunal
		503,201	1995-96 & 2010-13	Commissioner
		439,391	2008-09	Assistant Commissioner
		144,418	1990-91	Deputy Commissioner



- (x) The Company has no accumulated losses at the end of 31st March, 2013. The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- (xi) Based on our audit procedures and according to the information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank. The Company does not have any debenture holders.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund, nidhi, mutual benefit fund or society. Accordingly, the provisions of clause 4 (xiii) (a), (b), (c) and (d) of the Order are not applicable to the Company.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, provisions of clause (xiv) of the Order are not applicable to the Company.
- (xv) 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 subsidiary companies from banks and financial institutions are not prima facie; prejudicial to the interests of the Company.
- (xvi) According to the information and explanations given to us by the management, term loans availed by the Company were, prima facie; applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, the funds raised on short-term basis on an overall basis have not been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, the Company has not issued any debentures during the current year and does not have any outstanding debentures. Accordingly, clause (xix) of the Order is not applicable to the Company.
- (xx) According to the information and explanations given to us, the Company has not raised money by any public issue during the current year.
- (xxi) According to the information and explanations given to us by the management, 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

Pune : May 27, 2013

Membership No.: 136835

BALANCE SHEET AS AT MARCH 31, 2013

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Particulars		Note No.	Figures as at the end of current reporting period ending on March 31, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
I.	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	A-1	158,716,902	158,679,402
	(b) Reserves and surplus	A-2	7,626,858,921	7,377,619,153
	(c) Money received against share warrants		-	-
			7,785,575,823	7,536,298,555
2	Share application money pending allotment		-	-
3	Non-current liabilities			
	(a) Long-term borrowings	A-3	49,684,384	455,098,962
	(b) Deferred tax liabilities (net)	A-4	-	-
	(c) Other long term liabilities	A-5	810,965,010	979,756,889
	(d) Long-term provisions	A-6	157,649,958	152,817,271
			1,018,299,352	1,587,673,122
4	Current liabilities			
	(a) Short-term borrowings	A-7	2,233,363,664	2,773,656,954
	(b) Trade payables	C-23	4,522,466,843	4,124,518,937
	(c) Other current liabilities	A-8	3,107,267,698	2,870,617,052
	(d) Short-term provisions	A-9	414,804,150	456,356,400
			10,277,902,355	10,225,149,343
	TOTAL		19,081,777,530	19,349,121,020
II.	ASSETS			
1	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	A-10	3,070,444,047	2,797,548,498
	(ii) Intangible assets	A-10	19,725,602	31,811,343
	(iii) Capital work-in-progress		74,258,244	360,070,923
	(iv) Intangible assets under development		-	-
	(b) Non-current investments	A-11	2,149,437,050	2,149,431,850
	(c) Deferred tax assets (net)	A-4	40,993,981	25,995,158
	(d) Long-term loans and advances	A-12	1,415,644,868	1,387,339,230
	(e) Other non-current assets	A-13	595,486,670	881,009,168
			7,365,990,462	7,633,206,170
2	Current assets			
	(a) Current investments		-	-
	(b) Inventories	A-14	1,833,055,577	2,099,615,506
	(c) Trade receivables	A-15	3,552,749,362	2,980,482,667
	(d) Cash and bank balances	A-16	175,234,015	205,335,573
	(e) Short-term loans and advances	A-17	2,113,273,599	2,166,012,044
	(f) Other current assets	A-18	4,041,474,515	4,264,469,060
			11,715,787,068	11,715,914,850
	TOTAL		19,081,777,530	19,349,121,020

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

S. N. INAMDAR
Director

ABHIJEET BHAGWAT
Partner

SANDEEP PHADNIS
Company Secretary

UMESH R. SHASTRY
Vice President (Finance)

Pune : May 27, 2013

Pune : May 27, 2013


PROFIT AND LOSS STATEMENT FOR YEAR ENDED MARCH 31, 2013

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Particulars		Note No.	Figures for current reporting period ending on March 31, 2013	Figures for previous reporting period ending on March 31, 2012
I.	Revenue from operations		19,550,733,157	18,398,244,379
	Less: Excise duty		826,754,218	579,483,177
		A-19	18,723,978,939	17,818,761,202
II.	Other income	A-20	69,995,455	462,787,460
III.	Total Revenue (I + II)		18,793,974,394	18,281,548,662
IV.	Expenses:			
	Cost of materials consumed	A-21	9,701,914,471	9,737,108,311
	Purchases of Stock-in-Trade	C-13	3,162,021,324	3,169,316,219
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	A-21	340,490,025	(245,464,376)
	Employee benefits expense	A-22	1,496,763,826	1,509,775,058
	Finance costs	A-23	442,722,410	536,996,285
	Depreciation and amortization expense		320,461,724	302,616,890
	Other expenses	A-24	2,610,122,179	2,931,544,470
	Total expenses		18,074,495,959	17,941,892,857
V.	Profit before exceptional and extraordinary items and tax (III-IV)		719,478,435	339,655,805
VI.	Exceptional items		-	-
VII.	Profit before extraordinary items and tax (V - VI)		719,478,435	339,655,805
VIII.	Extraordinary Items		-	-
IX.	Profit before tax (VII- VIII)		719,478,435	339,655,805
X.	Tax expense:			
	(1) Current tax		150,000,000	97,400,000
	(2) Deferred tax		(14,998,823)	(72,730,848)
			135,001,177	24,669,152
XI.	Profit/(Loss) for the period from continuing operations (IX-X)		584,477,258	314,986,653
XII.	Short provision of income tax on account of earlier years	C-24	150,000,000	3,100,000
XIII.	Profit/(Loss) from discontinuing operations		-	-
XIV.	Tax expense of discontinuing operations		-	-
XV.	Profit/(Loss) from discontinuing operations (after tax) (XIII-XIV)		-	-
XVI.	Profit/(Loss) for the period (XI - XII + XV)		434,477,258	311,886,653
XVII.	Earnings per equity share having nominal value of ₹ 2/- per share	C-8		
	(1) Basic		5.47	3.93
	(2) Diluted		5.47	3.93

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

S. N. INAMDAR
Director

ABHIJEET BHAGWAT
Partner

SANDEEP PHADNIS
Company Secretary

UMESH R. SHASTRY
Vice President (Finance)

Pune : May 27, 2013

Pune : May 27, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

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	Particulars	Figures for current reporting period ending March 31, 2013	Figures for previous reporting period ending March 31, 2012
A	Cash flows from operating activities		
	Net profit before taxes and extraordinary items	719,478,435	339,655,805
	Adjustments for :-		
1	Depreciation / amortization	320,461,724	302,616,890
2	(Profit)/Loss on sale of fixed assets	7,401,834	284,594
3	Employees stock option - compensation debited to profit and loss account (net)	(1,928,079)	(28,197,282)
4	Provision for doubtful debts/advances	7,928,870	191,827,992
5	Interest income	(6,938,825)	(38,716,810)
6	Dividend income	(33,986,395)	(42,478,883)
7	Interest expenses	359,021,957	456,926,468
8	Unrealized exchange (gain)/ loss - Interest	69,644,444	75,763,227
9	Unrealized exchange (gain)/ loss - Others	(23,598,117)	1,905,263
10	Profit on sale of investment	-	(350,600,000)
	Operating profit before working capital changes	1,417,485,848	908,987,264
	Adjustments for :-		
1	(Increase)/ decrease in inventories	266,559,929	(172,127,441)
2	(Increase)/ decrease in trade and other receivables	41,607,975	2,252,757,347
3	Increase/ (decrease) in trade and other payables	306,629,513	(1,817,296,126)
4	Cash generated from operations	2,032,283,265	1,172,321,044
5	Income tax (paid) / refunded	(300,637,734)	(359,090,844)
	Net cash from operating activities	1,731,645,531	813,230,200
B	Cash flows from investing activities		
1	Purchase of fixed assets	(306,927,726)	(498,164,812)
2	Sale of fixed assets	4,067,039	2,886,639
3	Purchase of investments in subsidiaries	(5,200)	(552,528,935)
4	Sale of investments in subsidiaries	-	426,960,000
5	Interest received	6,938,825	41,619,747
6	Dividend received	33,986,395	58,728,883
7	Advance / loans to subsidiaries	(57,646,668)	180,446,307
	Net cash from investment activities	(319,587,335)	(340,052,171)
C	Cash flows from financing activities		
1	Proceeds from borrowing	120,312,804	207,659,371
2	Repayment of borrowings	(1,005,287,996)	(270,570,000)
3	Interest paid	(368,686,435)	(462,625,907)
4	Dividend paid	(165,041,847)	(275,970,429)
5	Dividend distribution tax	(23,095,700)	(37,145,728)
6	Proceeds from issuance of share capital	37,500	2,500
	Net cash used in financing activities	(1,441,761,674)	(838,650,193)
	Unrealized exchange gain / (loss) in cash and cash equivalents	(398,080)	(5,827,241)
	Net increase in cash and cash equivalents	(29,703,478)	(365,472,164)
1	Cash & cash equivalents at beginning of period (refer note part A - 16)	205,335,573	576,634,978
2	Cash & cash equivalents at end of period (refer note part A - 16)	175,234,015	205,335,573

As per our report of even date attached

For and on behalf of the Board of Directors

For M/s P.G. Bhagwat
Chartered Accountants

SANJAY KIRLOSKAR
Chairman & Managing Director

S. N. INAMDAR
Director

ABHIJEET BHAGWAT
Partner

SANDEEP PHADNIS
Company Secretary

UMESH R. SHASTRY
Vice President (Finance)

Pune : May 27, 2013

Pune : May 27, 2013


NOTES TO ACCOUNTS: PART A

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Particulars	Figures as at the end of current reporting period ending on March 31, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
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		
79,358,451 (79,339,701) equity shares of ₹ 2/- each (₹ 2/-) each	158,716,902	158,679,402
TOTAL	158,716,902	158,679,402

a) Reconciliation of share capital

Particulars	Figures as at the end of current reporting period ending on March 31, 2013		Figures as at the end of previous reporting period ending on March 31, 2012	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	79,339,701	158,679,402	79,338,451	158,676,902
Shares Issued during the year under ESOS	18,750	37,500	1,250	2,500
Shares outstanding at the end of the year	79,358,451	158,716,902	79,339,701	158,679,402

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, 2013 the board of directors has proposed dividend of ₹ 2/- (₹ 2/-) per share subject to shareholders' approval.

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

Name of the shareholder	Figures as at the end of current reporting period ending on March 31, 2013		Figures as at the end of previous reporting period ending on March 31, 2012	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Kirloskar Industries Limited	18,988,038	23.93	18,988,038	23.93
Mr. Sanjay Chandrakant Kirloskar *	15,801,653	19.91	15,766,641	19.87
Mrs. Pratima Sanjay Kirloskar	13,732,300	17.30	13,732,300	17.31
Reliance Capital Trustee Co. Ltd.	4,815,291	6.07	3,312,242	4.17

* includes 1,624,615 (1,589,603), 2.05% (2%) shares held in the capacity of a trustee.

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

Particulars	Figures as at the end of current reporting period ending on March 31, 2013		Figures as at the end of previous reporting period ending on March 31, 2012	
	No. of Shares	₹	No. of Shares	₹
Shares reserved for ESOS scheme (refer note part C-22)	5,212,315	10,424,630	5,231,065	10,462,130

NOTES TO ACCOUNTS: PART A (CONTD.)

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Particulars	Figures as at the end of current reporting period ending on March 31, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
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	403,910,847	403,582,972
Add : Securities premium credited on share issue	2,815,312	327,875
Closing balance	406,726,159	403,910,847
(d) Share Options Outstanding Account		
Opening balance	40,138,248	68,663,405
Less : Written back in current year	4,743,392	28,525,157
Closing balance	35,394,856	40,138,248
(e) General Reserve		
Opening balance	5,688,005,700	5,656,817,035
Add : Transfer from Surplus	43,447,726	31,188,665
Closing balance	5,731,453,426	5,688,005,700
(f) Surplus		
Opening balance	1,241,391,915	1,142,469,029
Add : Net Profit for the current year	434,477,258	311,886,653
Balance available for appropriation	1,675,869,173	1,454,355,682
Less : Appropriations :		
Proposed dividend	158,716,902	158,679,402
Dividend distribution tax	24,592,508	23,095,700
Transfer to general reserve	43,447,726	31,188,665
	226,757,136	212,963,767
Closing balance	1,449,112,037	1,241,391,915
TOTAL	7,626,858,921	7,377,619,153


NOTES TO ACCOUNTS: PART A (CONTD.)

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Particulars	Figures as at the end of current reporting period ending on March 31, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
Note : A-3		
Long Term Borrowings		
Secured		
(a) Term loans from banks		
External commercial borrowing from Credit Agricole Corporate & Investment Bank	-	400,668,052
Terms of loan: Loan is secured by first pari-passu charge on existing and future fixed assets (excluding land and buildings). Amount of loan borrowed is US\$ 20 million in March 2010 and carries interest rate of US\$ LIBOR + 2.55% p.a. Loan is repayable as under.		
1 st instalment - 30% US\$ 6 Million at the end of two years from the first drawdown		
2 nd instalment - 30% US\$ 6 Million at the end of three years from the first drawdown		
3 rd instalment - 40% US\$ 8 Million at the end of four years from the first drawdown		
Unsecured		
From others		
(a) Interest free loan under sales tax deferral scheme	49,684,384	54,430,910
Terms of loans: ₹ 2,579,302/- to be repaid in 5 equal yearly instalments of ₹ 515,861/- starting from March 2010 and ₹ 52,883,330/- to be repaid in 9 yearly instalments starting from April 2013.		
TOTAL	49,684,384	455,098,962

Note : A- 4		
Deferred Tax Assets / (Liabilities) (net)		
(a) Deferred Tax Liabilities		
i) On depreciation / amortization of fixed assets	202,373,117	178,601,837
TOTAL	202,373,117	178,601,837
(b) Deferred Tax Assets		
i) On employees voluntary retirement schemes	1,531,893	2,193,393
ii) On provision for doubtful debts / advances	147,060,936	137,803,826
iii) On provision for employee benefits	94,103,850	63,959,830
iv) On other timing differences	670,419	639,946
TOTAL	243,367,098	204,596,995
NET	40,993,981	25,995,158

NOTES TO ACCOUNTS: PART A (CONTD.)

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Particulars	Figures as at the end of current reporting period ending on March 31, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
Note : A-5		
Other Long Term Liabilities		
(a) Trade Payables (refer note part C - 23)	236,494,011	72,659,401
(b) Others		
(i) Advances and deposits received from customers	488,896,478	801,449,190
(ii) Gross amount due to customers for project related contract work (refer note part C - 3)	85,574,521	105,648,298
TOTAL	810,965,010	979,756,889

Note : A-6		
Long Term Provisions		
(a) Provision for employee benefits		
(i) Leave encashment	139,796,615	128,539,257
(ii) Pension scheme	15,758,335	16,602,556
(b) Others		
(i) Provision for product warranty	2,095,008	7,675,458
TOTAL	157,649,958	152,817,271

Note : A-7		
Short Term Borrowings		
Secured		
(a) Loans repayable on demand from banks		
(i) Cash / export credit facilities	962,415,664	1,692,666,202
(ii) Working capital demand Loans	217,160,000	-
Nature of security : The loans are secured by hypothecation of all current assets of the company.		
Unsecured		
(a) Foreign currency short term loans and advances from banks		
(i) Citibank N.A. - FCNRB	933,788,000	879,122,258
(b) Rupee short term loans and advances from banks		
(i) Bank of India	-	201,868,494
	933,788,000	1,080,990,752
(c) Loans and advances from related parties		
(i) Loan from subsidiary company Terms of loan: Loan carries interest @ 10% per annum	120,000,000	-
TOTAL	2,233,363,664	2,773,656,954


NOTES TO ACCOUNTS: PART A (CONTD.)

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Particulars	Figures as at the end of current reporting period ending on March 31, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
Note : A-8		
Other Current Liabilities		
(a) Current maturities of long-term debt	401,462,979	271,085,860
(b) Interest accrued but not due on borrowings	28,961,398	38,625,876
(c) Investor Education & Protection Fund (will be credited as and when due)		
(i) Unpaid dividends	50,813,657	57,176,102
(ii) Unpaid matured deposits and interest accrued thereon	-	43,000
(d) Other payables		
(i) Gross amount due to customers for project related contract work (refer note part C - 3)	665,905,018	470,125,705
(ii) Advances from customers	1,147,881,511	1,109,995,807
(iii) Trade deposits	75,498,515	113,610,213
(iv) Salary & reimbursements	163,377,800	156,059,133
(v) Contribution to PF & superannuation	23,237,179	22,928,808
(vi) Statutory dues	131,395,816	149,300,677
(vii) Payables on account of purchases of fixed assets	48,910,077	63,225,494
(viii) Provision for expenses	369,823,748	418,440,377
TOTAL	3,107,267,698	2,870,617,052

Note : A-9		
Short Term Provisions		
(a) Provision for employee benefits		
(i) Gratuity	23,197,736	41,206,687
(ii) Leave encashment	129,619,919	162,614,400
(b) Others		
(i) Proposed dividend	158,716,902	158,679,402
(ii) Dividend distribution tax	24,592,508	23,095,700
(iii) Provision for product warranty	78,677,085	70,760,211
TOTAL	414,804,150	456,356,400

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

Particulars	Tangible Assets						Intangible Assets		
	Land Free hold	Buildings	Plant & Equipment	Furniture & Fixtures	Office equipments	Vehicles	Railway Siding	Total	Computer Softwares
Gross Block									
At 01.04.2011	318,786,843	1,089,687,948	2,970,534,948	115,642,867	3,296,225	62,989,629	1,536,325	4,562,474,785	138,145,343
Additions	-	130,898,086	163,507,318	5,797,539	120,841	5,465,419	-	305,789,203	11,343,592
Other adjustments									
- borrowing costs	-	-	21,264,695	-	-	-	-	21,264,695	-
Disposals	-	-	14,788,991	2,212,682	375,181	2,082,738	-	19,459,592	-
As at 31.03.2012	318,786,843	1,220,586,034	3,140,517,970	119,227,724	3,041,885	66,372,310	1,536,325	4,870,069,091	149,488,935
Additions	-	247,284,184	317,617,309	9,233,056	1,619,193	1,888,736	-	577,642,478	9,431,820
Other adjustments									
- borrowing costs	-	-	5,666,108	-	-	-	-	5,666,108	-
Disposals	-	73,861	153,858,199	9,294,262	375,305	11,726,970	8,008	175,336,605	-
As at 31.03.2013	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
Depreciation/ Amortisation									
At 01.04.2011	-	131,078,409	1,592,804,268	49,703,167	1,842,119	29,117,072	1,491,568	1,806,036,603	97,833,046
Charge for the year	-	24,267,426	245,939,204	6,992,578	107,321	5,457,093	8,722	282,772,344	19,844,546
Depreciation on disposal	-	-	13,057,576	1,349,780	374,436	1,506,562	-	16,288,354	-
At 31.03.2012	-	155,345,835	1,825,685,896	55,345,965	1,575,004	33,067,603	1,500,290	2,072,520,593	117,677,592
Charge for the year	-	29,153,798	256,720,429	7,570,735	108,546	5,384,910	5,745	298,944,163	21,517,561
Depreciation on disposal	-	73,861	147,158,712	6,603,922	388,102	9,655,126	8,008	163,867,731	-
At 31.03.2013	-	184,425,772	1,935,524,761	56,312,778	1,315,448	28,797,387	1,498,027	2,207,597,025	139,195,153
Net Block									
At 31.03.2012	318,786,843	1,065,240,199	1,314,832,074	63,881,759	1,466,881	33,304,707	36,035	2,797,548,498	31,811,343
At 31.03.2013	318,786,843	1,283,370,585	1,374,695,575	62,853,740	2,970,325	27,736,689	30,290	3,070,444,047	19,725,602



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

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	Particulars	Figures as at the end of current reporting period ending on March 31, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
I	Long term investments - at cost		
	Trade investments		
	(a) Investment in equity instruments	1,888,437,050	1,888,431,850
	(b) Investments in preference shares	250,000,000	250,000,000
	(c) Other non-current investments	11,000,000	11,000,000
	TOTAL	2,149,437,050	2,149,431,850

Particulars	As at March 31, 2013	As at March 31, 2012
Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	2,149,437,050	2,149,431,850

₹

Details of Trade Investments		No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount	
Sr. No.	Name of the Body Corporate	31.03.2013	31.03.2012			31.03.2013	31.03.2012	31.03.2013	31.03.2012
(a)	Investments in equity instruments								
1	Kirloskar Proprietary Ltd.	2	2	Unquoted	Fully Paid	0%	0%	200	200
2	Kirloskar Ebara Pumps Ltd.	225,000	225,000	Unquoted	Fully Paid	45%	45%	2,747,272	2,747,272
3	Kirloskar Constructions and Engineers Ltd.	16,150,002	16,150,002	Unquoted	Fully Paid	100%	100%	713,300,000	713,300,000
4	The Kolhapur Steel Ltd.	16,312,643	16,312,123	Unquoted	Fully Paid	96%	96%	93,859,191	93,853,991
5	Kirloskar Systech Ltd.	50,000	50,000	Unquoted	Fully Paid	100%	100%	500,000	500,000
6	Hematic Motors Pvt. Ltd.	46,845	46,845	Unquoted	Fully Paid	100%	100%	517,343,297	517,343,297
7	Kirloskar Corrocoat Pvt. Ltd.	3,250,000	3,250,000	Unquoted	Fully Paid	65%	65%	94,000,000	94,000,000
8	Kirloskar Brothers International B V	1,384	1,384	Unquoted	Fully Paid	100%	100%	456,679,373	456,679,373
9	Kirloskar Brothers International B V	2,000	2,000	Unquoted	Partly Paid	100%	100%	10,007,717	10,007,717
								1,888,437,050	1,888,431,850
(b)	Investment in preference shares								
	Kirloskar Constructions and Engineers Ltd.	25,000,000	25,000,000	Unquoted	Fully Paid	100%	100%	250,000,000	250,000,000
(c)	Other non-current investments								
	HDFC Group Unit Linked Option Plan B	357,919	355,161	Unquoted	-			11,000,000	11,000,000
	Total							2,149,437,050	2,149,431,850

NOTES TO ACCOUNTS : PART A (CONTD.)

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Particulars	Figures as at the end of current reporting period ending on March 31, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
Note : A-12		
Long Term Loans and Advances		
(a) Capital advances		
Unsecured, considered good	142,411,974	174,522,125
(b) Security deposits		
Unsecured, considered good	300,384,159	269,208,466
Doubtful	5,327,267	5,327,267
	305,711,426	274,535,733
Less: Provision for doubtful deposits	5,327,267	5,327,267
	300,384,159	269,208,466
(c) Loans and advances to related parties		
(i) Advances to subsidiary companies		
Unsecured, considered good	71,203,606	-
(d) Other loans and advances		
(i) Advances to suppliers and others		
Unsecured, considered good	143,668,986	123,546,631
(ii) Advance income tax (net of provision)		
Unsecured, considered good	757,976,143	820,062,008
TOTAL	1,415,644,868	1,387,339,230

Note : A-13		
Other Non Current Assets		
(a) Long term trade receivables		
Unsecured, considered good	253,693,743	352,147,536
Doubtful	224,918,116	258,866,618
	478,611,859	611,014,154
Less: Provision for doubtful receivables	224,918,116	258,866,618
	253,693,743	352,147,536
(b) Others		
(i) Claims receivables		
Unsecured, considered good	76,674,994	80,235,513
Doubtful	147,725,744	147,725,744
	224,400,738	227,961,257
Less: Provision for doubtful claims	147,725,744	147,725,744
	76,674,994	80,235,513
(ii) Gross amount due from customers (refer note part C - 3)	262,617,933	446,126,119
(iii) Fixed deposits with bank for maturity of more than 12 months	2,500,000	2,500,000
Unsecured, considered good		
TOTAL	595,486,670	881,009,168


NOTES TO ACCOUNTS : PART A (CONTD.)

₹

Particulars	Figures as at the end of current reporting period ending on March 31, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
Note : A -14		
Inventories		
(a) Raw materials	467,932,822	403,824,229
(b) Work-in-progress (refer note part C - 16)	839,744,407	1,139,733,791
(c) Finished goods (refer note part C - 12)	276,747,627	232,239,184
(d) Stock-in-trade (refer note part C - 13)	207,197,132	292,206,216
(e) Stores and spares	41,433,589	31,612,086
Mode of valuation (refer note part B - 3)		
TOTAL	1,833,055,577	2,099,615,506

Note : A-15		
Trade receivables		
(i) Trade receivables outstanding for a period exceeding six months Unsecured, considered good	766,575,791	613,210,192
(ii) Trade receivables outstanding for a period less than six months Unsecured, considered good	2,786,173,571	2,367,272,475
TOTAL	3,552,749,362	2,980,482,667

Note : A-16		
Cash & Bank Balances		
(a) Cash & Cash Equivalents		
(i) Cash on hand	1,630,761	1,495,374
(ii) Balances with banks	122,789,597	146,664,097
(iii) Earmarked balances with banks Unpaid dividend accounts	50,813,657	57,176,102
TOTAL	175,234,015	205,335,573

NOTES TO ACCOUNTS : PART A (CONTD.)

₹

Particulars	Figures as at the end of current reporting period ending on March 31, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
Note : A-17		
Short term loans and advances		
(a) Loans and advances to related parties		
(i) Advances to subsidiary companies		
Unsecured, considered good	228,905,342	205,677,682
(b) Others		
(i) Security deposits		
Unsecured, considered good	1,070,715,037	1,067,213,300
(ii) Advances to suppliers and others		
Unsecured, considered good	551,312,985	693,504,426
(iii) Advance income tax (net of provision for tax)	262,340,235	199,616,636
TOTAL	2,113,273,599	2,166,012,044

Note : A-18		
Other current assets		
(i) Claims receivables		
Unsecured, considered good	1,189,934,151	1,265,943,867
(ii) Gross amount due from customers (refer note part C - 3)	2,851,540,364	2,998,525,193
TOTAL	4,041,474,515	4,264,469,060

Note : A-19		
Revenue from operations (refer note part C - 12 and C - 13)		
Sale of products	14,665,754,654	11,933,031,528
Less: Excise duty	826,754,218	579,483,177
	13,839,000,436	11,353,548,351
Project related revenue	4,591,218,601	6,179,025,188
Sale of services	156,781,435	155,441,713
	18,587,000,472	17,688,015,252
Other operating revenues	136,978,467	130,745,950
TOTAL	18,723,978,939	17,818,761,202


NOTES TO ACCOUNTS : PART A (CONTD.)

₹

Particulars	Figures as at the end of current reporting period ending on March 31, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
Note : A-20		
Other Income		
(a) Interest income		
(i) from customers	3,214,168	6,679,361
(ii) from others	3,724,657	32,037,449
(b) Dividend income from long term investments		
(i) from subsidiary companies	14,012,531	16,311,083
(ii) from others	19,973,864	26,167,800
(c) Gain on sale of long term investment	-	350,600,000
(d) Other non-operating income	29,070,235	30,991,767
TOTAL	69,995,455	462,787,460
Note : A-21		
Cost of material consumed		
Raw material consumed (refer note part C - 14 & 15)	8,835,419,557	8,801,947,834
Stores and spares consumed	619,966,952	617,152,942
Processing charges	246,527,962	318,007,535
	9,701,914,471	9,737,108,311
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	232,239,184	350,555,812
Work-in-progress	1,139,733,791	911,423,790
Stock in trade	292,206,216	156,735,213
	1,664,179,191	1,418,714,815
Closing Stock		
Finished goods	276,747,627	232,239,184
Work-in-progress	839,744,407	1,139,733,791
Stock in trade	207,197,132	292,206,216
	1,323,689,166	1,664,179,191
TOTAL	340,490,025	(245,464,376)
Note : A-22		
Employee benefits expense		
Salaries, wages and bonus	1,310,527,027	1,319,618,097
Contribution to provident fund and E.S.I.	71,250,779	68,376,547
Gratuity	22,020,619	21,241,440
Welfare expenses	93,688,701	128,297,997
Pension benefits	1,204,779	438,259
ESOS expenses	(1,928,079)	(28,197,282)
TOTAL	1,496,763,826	1,509,775,058

NOTES TO ACCOUNTS : PART A (CONTD.)

₹

Particulars	Figures as at the end of current reporting period ending on March 31, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
Note : A-23		
Finance costs		
Interest expense	328,971,828	376,820,277
Other borrowing costs	83,700,453	101,447,808
Applicable net loss on foreign currency transactions and translation	30,050,129	58,728,200
TOTAL	442,722,410	536,996,285

Note : A-24		
Other expenses		
Power & fuel	220,137,837	183,092,741
Repairs and maintenance		
Plant and machinery	103,888,589	126,543,999
Buildings	14,767,245	17,406,590
Other	21,222,818	36,756,567
Rent	71,797,495	61,043,065
Rates and taxes	58,863,775	39,507,407
Travel and conveyance	241,967,288	230,337,852
Postage and telephone	51,920,443	50,657,323
Insurance	119,427,215	117,501,829
Directors sitting fees	710,000	750,000
Director's remuneration	5,655,000	-
Royalties and fees	47,973,327	45,649,094
Cash discount	176,075,662	128,157,660
Freight and forwarding charges	287,016,905	266,109,397
Brokerage and commission	192,064,399	170,386,629
Advertisements and publicity	122,519,542	135,675,304
Provision for product warranty	74,724,590	85,261,424
Loss on sale/disposal of fixed assets	8,724,697	1,889,178
Provision for doubtful debts, advances and claims	7,928,870	191,827,992
Bad debts, advances and claims written off	65,913,321	485,521,061
Auditor's remuneration (refer note part C - 4)	4,669,072	4,698,074
Legal expenses and Consulting fees	202,255,218	187,512,668
Watch and Ward expenses	25,772,804	22,069,594
Computer Services	61,185,607	34,488,461
Stationery & Printing	18,395,705	19,431,240
Training course expenses	8,206,202	14,663,419
Foreign exchange difference (net)	59,132,325	40,060,182
Other miscellaneous expenses	337,206,228	234,545,720
TOTAL	2,610,122,179	2,931,544,470



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 businesses of the company are large infrastructure projects (Water Supply, Power Plants, and Irrigation), Project and Engineered Pumps, Industrial Pumps, Agriculture and Domestic Pumps, Valves, Motors and Hydro turbines.

B-1 Basis of preparation of financial statements :

- The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India. The financial statements have been prepared to comply in all material respects with The Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.
- The financial statements have been prepared under the historical cost convention on an accrual basis.
- 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 assumption that affect the reported amounts of revenue, expenses, current assets, non-current assets, current liabilities, non-current liabilities and disclosure of the contingent liabilities at the end of reporting period. Although these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount of assets or liabilities in future periods.

B-3 Inventories :

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

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 as detailed below:

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

Sr. No.	Particulars	Rate of Depreciation (%)
1	Patterns with estimated useful life of less than one year & one-time use	100.00
2	Patterns with estimated useful life of more than one year but less than eight years	20.00
3	Patterns with estimated useful life of more than eight years	11.31

NOTES TO ACCOUNTS : PART B (CONTD.)

B-6 Construction Contracts :

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

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 accrues on the time 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.
- 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

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

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 :

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

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

I. Short Term Employee Benefits

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

II. Post-Employment Benefits**a) Defined Contribution Plans**

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

b) Defined Benefit Plans

The employees' gratuity fund 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.

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 Benefits

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

NOTES TO ACCOUNTS : PART B (CONTD.)

Accumulated leave and leave travel allowances that are expected to be utilized within the next 12 months are treated as short term employee benefits.

IV. Termination Benefits

Expenses of voluntary retirement scheme are charged to Profit and Loss Statement immediately.

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.

B-14 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-15 Taxes on Income :

- a) Tax on income for the current period is determined on the basis of taxable income after considering the various deductions available under The Income Tax Act, 1961.
- b) Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year. The tax effect is calculated on the accumulated timing differences at the end of the accounting period based on prevailing enacted or subsequently enacted regulations.
- 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-16 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.

**NOTES TO ACCOUNTS : PART B (CONTD.)****B-17 Accounting for interests in Joint Ventures :****Type of Joint Venture****A. Jointly controlled Operations**

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

B. Jointly Controlled Entities

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

B-18 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-19 Provisions :

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

Provision for warranty related costs are recognized when the product is sold. Provision is based on historical experience. The estimate of such warranty related costs is revised annually.

B-20 Employee Stock Option Scheme :

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

NOTES TO ACCOUNTS : PART C

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	Figures as at the end of current reporting period ending on March 31, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
C-1 Estimated amount of contracts remaining to be executed on capital account and not provided for	124,923,085	94,797,878
C-2 Contingent liabilities not provided for in respect of :		
a) Guarantees:		
By the company to ICICI Bank Ltd. on behalf of SPP Pumps Ltd., UK, (GBP 7,000,000)	-	506,170,000
By the company to Citi Bank N.A. on behalf of SPP Pumps Ltd., UK (USD 10,500,000)	572,775,000	534,135,000
By the company to Indian Overseas Bank Ltd. on behalf of Kirloskar Constructions & Engineers Ltd., Chennai	500,000,000	800,000,000
By the company to Bank of Maharashtra on behalf of Gondwana Engineers Limited	-	82,500,000
By the company to Citi Bank N.A. on behalf of Kirloskar Brothers (Thailand) Ltd, (USD 3,000,000]	163,650,000	152,610,000
By the company to Citi Bank N.A. on behalf of Kirloskar Brothers Europe B V (USD 5,000,000)	272,750,000	254,350,000
By the company to Citi Bank N.A. on behalf of Braybar Pumps (Proprietary) Ltd. (USD 2,000,000)	109,100,000	101,740,000
By the company to Citi Bank N.A. on behalf of Hematic Motors Pvt Ltd. (USD 6,000,000) (USD 5,000,000)	327,300,000	254,350,000
b) Other money for which the company is contingently liable for		
i) Central Excise and Service tax (Matter Subjudice)	667,822,343	209,270,117
ii) Sales Tax (Matter Subjudice)	83,439,571	89,608,533
iii) Income Tax (Matter Subjudice)	738,172,539	871,135,476
iv) Labour Matters (Matter Subjudice)	42,793,722	40,055,045
v) Other Legal Cases (Matter Subjudice)	560,307,661	560,307,661
vi) Letters of Credit Outstanding	677,131,468	1,170,034,222
C-3 Construction contracts :		
a) Contract Revenue recognised as revenue for the year	4,591,218,601	6,179,025,188
b) Advances received	703,073,423	831,787,072
c) Amount of retentions	1,119,847,076	1,000,804,416
d) Gross amount due from customer		
Contract costs incurred	37,586,374,571	36,350,985,876
Recognised Profits less recognised Losses	6,947,282,171	7,523,356,743
Less: Progress Billing	41,419,498,445	40,429,691,307
Net [Note A-13 (b) (ii) +A-18 (ii)]	3,114,158,297	3,444,651,312
e) Gross amount due to customer		
Contract costs incurred	11,265,953,994	8,320,592,833
Recognised Profits less recognised Losses	2,567,518,460	1,580,975,143
Less: Progress Billing	14,584,951,993	10,477,341,979
Net [Note A-5 (b) (ii) +A-8 d (i)]	(751,479,539)	(575,774,003)
C-4 Remuneration to Auditors :		
Statutory Auditors :		
a) Audit Fees	2,750,000	2,750,000
b) Tax Audit Fees	200,000	200,000
c) Certification services	164,000	160,135
d) Other services	1,507,500	1,513,170
e) Expenses reimbursed	47,572	74,769
	4,669,072	4,698,074


NOTES TO ACCOUNTS : PART C (CONTD.)

	Figures as at the end of current reporting period ending on March 31, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
C-5 Expenditure in Foreign Currencies :		
i) Interest	105,976,099	92,998,321
ii) Professional Fees	13,546,380	20,776,680
iii) Other Matters	150,763,458	231,266,480
C-6 Earnings in Foreign Currencies :		
i) F.O.B. Value of goods exported	803,792,742	987,172,972
ii) Services rendered/Civil work	129,165,842	165,853,531
iii) Others	611,489,081	6,368,025
C-7 C.I.F. Value of Imports :		
i) Raw Materials & components	410,198,389	698,600,563
ii) Capital Goods	62,669,727	30,741,179
C-8 Earning per Share (Basic and diluted) :		
I - Basic		
a) Profit for the year before tax	719,478,435	339,655,805
Less : Attributable tax thereto	285,001,177	27,769,152
Profit after tax	434,477,258	311,886,653
b) Weighted average number of equity shares used as denominator	79,358,451	79,339,701
c) Basic earning per share of nominal value of ₹ 2/- each	5.47	3.93
II - Diluted		
a) Profit for the year before tax	719,478,435	339,655,805
Less : Attributable tax thereto	285,001,177	27,769,152
	434,477,258	311,886,653
b) Weighted average number of equity shares	79,358,451	79,339,701
c) Add : Weighted average number of potential equity shares on account of employee stock options	-	21,442
d) Weighted average number of shares outstanding used as denominator	79,358,451	79,361,143
e) Diluted earning per share of nominal value of ₹ 2/- each	5.47	3.93
C-9 Amount of borrowing cost capitalised during the year	5,666,108	21,264,695
C-10 Research and Development expenditure eligible for weighted average deduction under section 35(2AB) of the Income Tax Act, 1961:		
A Revenue expenditure		
Manufacturing expenses:		
Raw Material, Store, Spares & Tools consumed	90,436,405	53,362,288
Payments to and Provision for Employees:		
Salaries, Wages, Bonus, Allowances etc	15,967,280	17,921,203
Contribution to PF & other funds & Schemes	1,012,523	-
Other benefits	2,641,612	-
Other Expenses:		
Computer services	1,265,000	6,421,496
Power charges	14,304,079	1,909,237
Travelling & Conveyance Expenses	790,749	361,210
Other Expenses	7,731,692	4,312,928
Repairs	-	1,638,389
Total	134,149,340	85,926,751
B Capital Expenditure	9,257,300	5,636,547
Total Eligible Research & Dev.Expenditure (A + B)	143,406,640	91,563,298

NOTES TO ACCOUNTS : PART C (CONTD.)

C-11 Employee Benefits :

i Defined Contribution Plans:

Amount of ₹ 41,338,375/- (₹ 39,554,753/-) is recognised as an expense and included in "Employees benefits expense" (Part A-22) in the Profit and Loss Statement.

ii Defined Benefit Plans:

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

₹

Particulars	As at 31-03-2013		As at 31-03-2012	
	Gratuity Plan	Pension Scheme	Gratuity Plan	Pension Scheme
	(Funded)	(Non Funded)	(Funded)	(Non Funded)
A. Amount to be recognised in the Balance Sheet				
Present value of defined benefit obligation	252,700,192	15,758,335	238,873,033	16,602,556
Less: Fair value of plan assets	229,502,456	-	197,666,346	-
Amount to be recognised as liability or (asset)	23,197,736	15,758,335	41,206,687	16,602,556
B. Amounts reflected in the Balance Sheet				
Liabilities	23,197,736	15,758,335	41,206,687	16,602,556
Assets	-	-	-	-
Net Liability/(Assets)	23,197,736	15,758,335	41,206,687	16,602,556

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

₹

Particulars	As at 31-03-2013		As at 31-03-2012	
	Gratuity Plan	Pension Scheme	Gratuity Plan	Pension Scheme
	(Funded)	(Non Funded)	(Funded)	(Non Funded)
1 Current service cost	20,458,018	-	19,320,096	-
2 Past service cost	-	-	-	-
3 Interest cost	19,164,940	1,324,135	16,420,442	1,462,216
4 Expected return on plan assets	(18,385,018)	-	(17,149,791)	-
5 Actuarial losses/(gains)	782,679	(119,356)	2,650,693	(1,023,957)
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"	22,020,619	1,204,779	21,241,440	438,259
Actual return on plan assets	9.00%	-	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 31-03-2013		As at 31-03-2012	
	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 01-04-2012	238,873,033	16,602,556	220,307,329	18,240,797
2 Add: Current service cost	20,458,018	-	19,320,096	-
3 Add: Past service cost	-	-	-	-
4 Add: Interest cost	19,164,940	1,324,135	16,420,442	1,462,216
5 Add/(less): Actuarial losses / (gains)	1,010,512	(119,356)	2,402,854	(1,023,957)
6 Less: Benefits paid	(26,806,311)	(2,049,000)	(19,577,688)	(2,076,500)
7 Balance of the present value of Defined Benefit Obligation as at 31-03-2013	252,700,192	15,758,335	238,873,033	16,602,556



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)	
		31.03.2013	31.03.2012
1	Opening balance of the fair value of the plan assets as at 01-04-2012	197,666,345	200,342,082
2	Add: expected return on plan assets	18,385,018	17,149,791
3	Add/(less) : actuarial gains/(losses)	227,833	(247,840)
4	Add: contribution by the employer	40,029,570	-
5	Less: benefits paid	26,806,311	19,577,688
6	Closing balance of the plan assets as at 31-03-2013	229,502,455	197,666,345

- e) **The broad categories of plan assets as a percentage of total plan assets as at 31-03-2013 of Employee's Gratuity Scheme are as under:** ₹

Sr. No.	Particulars	Percentage	
		31.03.2013	31.03.2012
1	Central Govt. Securities	31.35	36.76
2	State Govt. Securities	10.71	11.83
3	Other approved securities (Government Guaranteed Securities)	1.35	1.59
4	Bonds/Debentures etc.	42.85	43.11
5	Fixed Deposits	8.35	0.12
6	Equity Shares	5.23	3.46
7	Money Market Instruments	0.16	3.13
	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 31-03-2013 - 7.9%
- Expected return on plan assets as at 31-03-2013 - 9.0%
- Salary growth rate : For Gratuity Scheme - 10%
- Attrition rate: For gratuity scheme - 15%
- The estimates of future salary increases considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

NOTES TO ACCOUNTS : PART C (CONTD.)

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

₹

Particulars	As at 31-03-2013		As at 31-03-2012	
	Gratuity Plan	Pension Scheme	Gratuity Plan	Pension Scheme
	(Funded)	(Non Funded)	(Funded)	(Non Funded)
Defined Benefit Obligation	252,700,192	15,758,335	238,873,033	16,602,556
Plan Assets	229,502,456	-	197,666,345	-
Surplus/(Deficit)	(23,197,736)	(15,758,335)	(41,206,688)	(16,602,556)

h) General descriptions of defined plans:

1 Gratuity Plan:

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

2 Company's Pension Plan:

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

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

₹

Particulars	Sales value	Closing inventory of finished goods	Opening inventory of finished goods
Power Driven Pumps	9,206,647,600	218,509,429	206,753,226
	(8,499,006,175)	(206,753,226)	(259,709,381)
Valves	1,049,389,044	37,204,734	14
	(1,062,171,031)	(14)	(14)
Spare Parts and Others	1,983,388,562	21,033,464	25,485,944
	(1,315,063,034)	(25,485,944)	(90,846,417)
Services and Job Order Receipts	779,600,786	-	-
	(701,208,221)	-	-
Civil Receipts	1,064,106,395	-	-
	(1,573,892,497)	-	-
TOTAL	14,083,132,387	276,747,627	232,239,184
	(13,151,340,958)	(232,239,184)	(350,555,812)



NOTES TO ACCOUNTS : PART C (CONTD.)

C-13 Information in respect of Purchases, Sales and Inventory of Trading Goods :

₹

Particulars	Purchases	Sales	Closing inventory of trading goods	Opening inventory of trading goods
Pumps	695,625,012 (758,988,358)	1,144,839,318 (1,022,782,936)	65,327,712 (133,175,616)	133,175,616 (108,961,604)
Transformers	58,348,316 (64,043,177)	69,206,100 (71,423,988)	- (36,376)	36,376 (513,145)
Alternators	315,731,038 (212,157,921)	401,032,325 (276,350,263)	16,353,475 (11,434,381)	11,434,381 (13,546,254)
Motors	442,599,313 (636,401,231)	579,674,317 (567,343,659)	15,383,314 (121,016,498)	121,016,498 (18,675,368)
Others	1,649,717,645 (1,497,725,532)	2,309,116,025 (2,598,773,448)	110,132,631 (26,543,345)	26,543,345 (15,038,844)
TOTAL	3,162,021,324 (3,169,316,219)	4,503,868,085 (4,536,674,294)	207,197,132 (292,206,216)	292,206,216 (156,735,213)

C-14 Consumption of Raw Materials :

Particulars	2012-13		2011-12	
	₹	Percentage	₹	Percentage
Imported	69,478,299	0.79	91,057,375	1.03
Indigenous	8,765,941,258	99.21	8,710,890,459	98.97
TOTAL	8,835,419,557	100.00	8,801,947,834	100.00

C-15 Details of Raw Materials Consumption :

₹

Particulars	2012-13	2011-12
a) Pig Iron	271,426,963	232,174,408
b) Castings	2,119,853,872	2,314,143,192
c) Stator stacks	425,090,961	608,438,951
d) Rotors	2,084,762	82,114,488
e) Motors	1,349,060,382	1,008,058,574
f) Engines	374,244,957	248,353,782
g) Civil construction material	1,238,064,409	1,258,245,329
h) Others	3,055,593,251	3,050,419,110
TOTAL	8,835,419,557	8,801,947,834

C-16 Details of Work in Process :

₹

Particulars	2012-13	2011-12
Power driven pumps	540,992,282	821,876,276
Valves	12,109,515	7,790,379
Others	286,642,610	310,067,136
TOTAL	839,744,407	1,139,733,791

NOTES TO ACCOUNTS : PART C (CONTD.)

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	Kirloskar Constructions and Engineers Limited	Subsidiary Company
2	The Kolhapur Steel Limited	Subsidiary Company
3	Kirloskar Systech Limited	Subsidiary Company
4	Hematic Motors Private Limited	Subsidiary Company
5	Kirloskar Corrocoat Private Limited	Subsidiary Company
6	Kirloskar Brothers International B.V.	Subsidiary Company
7	SPP Pumps Limited	Subsidiary of Kirloskar Brothers International B.V.
8	SPP Pumps France EURL	Subsidiary of SPP Pumps Limited
9	Certified Engines Limited	Subsidiary of SPP Pumps Limited
10	SPP (South Africa) Pty. Limited	Subsidiary of SPP Pumps Limited
11	SPP Pumps Holdings LLC	Subsidiary of SPP Pumps Limited
12	SPP Pumps Management LLC	Subsidiary of SPP Pumps Limited
13	SPP France S A S	Subsidiary of SPP Pumps Limited
14	SPP Pumps LP	Subsidiary of SPP Pumps Limited
15	Kirloskar Brothers Europe B.V.	Subsidiary of Kirloskar Brothers International B.V.
16	Micawber 784 (Proprietary) Limited	Subsidiary of Kirloskar Brothers International B.V.
17	Braybar Pumps (Proprietary) Limited	Subsidiary of Micawber 784 (Proprietary) Limited
18	Kirloskar Brothers(Thailand) Limited	Subsidiary of Kirloskar Brothers International B.V.
19	SPP Pumps (MENA) LLC	Subsidiary of Kirloskar Brothers International B.V.


NOTES TO ACCOUNTS : PART C (CONTD.)
(B) Disclosure of related parties transactions

₹

Sr. No.	Nature of transaction/ relationship/major parties	2012-13		2011-12	
		Amount	Amount for Major parties *	Amount	Amount for Major parties *
1	Purchase of goods & services				
	Subsidiary/Fellow subsidiary Companies	2,071,786,611	-	1,644,027,616	200,487,920
	Kirloskar Constructions and Engineers Limited				171,806,915
	The Kolhapur Steel Limited		271,449,824		1,191,682,441
	Hematic Motors Private Limited		1,482,769,166		
	Joint Venture				
	Kirloskar Ebara Pumps Limited	38,779,026		29,036,478	
	TOTAL	2,110,565,637		1,673,064,094	
2	Sale of goods/contract revenue & services				
	Subsidiary/Fellow subsidiary Companies	674,881,923		619,112,598	241,485,308
	SPP Pumps Limited		247,721,933		66,329,549
	Kirloskar Brothers Europe B. V.		156,414,696		62,832,984
	Kirloskar Brothers (Thailand) Limited		63,245,117		115,478,809
	Hematic Motors Private Limited		3,457,181		-
	SPP Pumps LP		120,471,988		
	Joint Venture				
	Kirloskar Ebara Pumps Limited	145,704		402,738	
	TOTAL	675,027,627		619,515,336	
3	Rendering Services				
	Subsidiary/Fellow subsidiary Companies	51,252,516		32,548,149	5,704,307
	SPP Pumps Limited		1,323,063		16,611,180
	Kirloskar Corrocoat Private Limited		16,921,416		3,658,293
	Hematic Motors Private Limited		6,328,424		7,059,200
	Kirloskar Systech Limited		7,415,760		
	Joint Venture				
	Kirloskar Ebara Pumps Limited	842,700		606,650	
	TOTAL	52,095,216		33,154,799	
4	Receiving Services				
	Subsidiary/Fellow subsidiary Companies	38,032,556		54,815,647	11,967,766
	Kirloskar Brothers Europe B. V.		9,916,001		42,617,905
	Kirloskar Brothers (Thailand) Limited		27,497,903		
	Enterprises over which key managerial personnel or their relatives exercise significant influence	105,000		105,000	
	Key Management Personnel	840,000		630,000	
	Relatives of Key Management Personnel	2,107,648		2,766,260	
	Mrs. Pratima Kirloskar		1,887,648		1,566,260
	TOTAL	41,085,204		58,316,907	
5	Sale of Fixed Assets				
	Subsidiary/Fellow subsidiary Companies	752,765		49,968	49,968
	Hematic Motors Private Limited		-		-
	Kirloskar Systech Limited		629,699		-
	The Kolhapur Steel Limited		123,065		-
	TOTAL	752,765		49,968	

NOTES TO ACCOUNTS : PART C (CONTD.)

(B) Disclosure of related parties transactions

₹

Sr. No.	Nature of transaction/ relationship/major parties	2012-13		2011-12	
		Amount	Amount for Major parties *	Amount	Amount for Major parties *
6	Sale of Shares Subsidiary/Fellow subsidiary Companies Gondwana Engineers Limited TOTAL	- - -	- - -	426,960,000 426,960,000	426,960,000
7	Investment made Subsidiary/Fellow subsidiary Companies Kirloskar Brothers International B. V. The Kolhapur Steel Limited Hematic Motors Private Limited Kirloskar Constructions and Engineers Limited TOTAL	5,200 5,200 - - - 5,200	- 5,200 - - - -	552,528,935 552,528,935	2,546,537 - 299,971,998 250,000,000
8	Royalty Paid Enterprises over which key management personnel or their relatives exercise significant influence Kirloskar Proprietary Limited TOTAL	53,621,552 53,621,552	53,621,552	51,907,533 51,907,533	51,907,533
9	Dividend paid Key Management Personnel Mr. Sanjay Kirloskar Relatives of Key Management Personnel Mrs. Pratima Kirloskar TOTAL	28,354,076 27,482,868 55,836,944	28,354,076 27,464,600	49,630,133 48,118,798 97,748,931	49,619,633 48,118,798
10	Dividend received Subsidiary/Fellow subsidiary Companies Hematic Motors Private Limited Kirloskar Corrocoat Private Limited The Kolhapur Steel Limited Joint Ventures Kirloskar Ebara Pumps Limited Enterprises over which key management personnel or their relatives exercise significant influence Kirloskar Proprietary Limited TOTAL	14,012,531 11,250,000 100 25,262,631	4,684,500 3,250,000 4,078,031 11,250,000 100	16,311,083 11,250,000 100 27,561,183	- - 16,311,083 11,250,000 100
11	Interest Received Subsidiary/Fellow subsidiary Companies The Kolhapur Steel Limited Hematic Motors Private Limited TOTAL	- - -	- -	7,962,669 7,962,669	639,382 7,323,287


NOTES TO ACCOUNTS : PART C (CONTD.)
(B) Disclosure of related parties transactions

₹

Sr. No.	Nature of transaction/ relationship/major parties	2012-13		2011-12	
		Amount	Amount for Major parties *	Amount	Amount for Major parties *
12	Interest Paid Subsidiary/Fellow subsidiary Companies Hematic Motors Private Limited Enterprises over which key management personnel or their relatives exercise significant influence Kirloskar Proprietary Limited TOTAL	10,886,783	9,534,247 1,247,536	-	-
13	Remuneration Paid Key Management Personnel Mr. Sanjay Kirloskar Mr. R. K. Srivastava Mr. J. R. Sapre Relatives of Key Management Personnel Mr. Alok Kirloskar Ms. Preeti Sapre TOTAL	48,967,903 316,814 49,284,717	31,592,393 1,737,095 15,638,415 - 316,814	19,147,268 3,149,097 22,296,365	11,192,640 3,896,945 4,057,683 2,868,629 280,468
14	Loan/Advances given Subsidiary/Fellow subsidiary Companies Kirloskar Constructions and Engineers Limited TOTAL	122,054,135 122,054,135	122,054,135	295,050,407 295,050,407	295,050,407
15	Loan Taken Hematic Motors Private Limited TOTAL	120,000,000 120,000,000	120,000,000	- -	-
16	Payment received towards repayment of Loan Subsidiary/Fellow subsidiary Companies Kirloskar Constructions and Engineers Limited The Kolhapur Steel Limited Hematic Motors Private Limited TOTAL	30,000,000 30,000,000	- 30,000,000 -	620,184,666 620,184,666	295,050,407 25,134,259 300,000,000
17	Reimbursement of Expenses Subsidiary/Fellow subsidiary Companies Kirloskar Systech Limited Hematic Motors Private Limited Kirloskar Brothers International B. V. Joint Venture Kirloskar Ebara Pumps Limited Enterprises over which key management personnel or their relatives exercise significant influence Kirloskar Proprietary Limited TOTAL	11,896,689 3,371,153 - 15,267,842	1,673,518 4,352,822 2,792,566 3,371,153 - -	4,139,009 1,462,820 896,236 6,498,065	1,009,238 1,073,368 - 1,462,820 896,236

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

NOTES TO ACCOUNTS : PART C (CONTD.)

(C) Amount due to/from related parties

₹

Sr. No.	Nature of transaction/ relationship/major parties	2012-13		2011-12	
		Amount	Amount for Major parties	Amount	Amount for Major parties
1	Accounts receivable				
	Subsidiary/Fellow subsidiary Companies	376,945,593		437,006,729	
	Kirloskar Constructions and Engineers Limited		283,219,790		161,164,041
	SPP Pumps Limited		41,116,901		158,352,179
	The Kolhapur Steel Limited		2,512,933		40,138,826
	Joint Venture				
	Kirloskar Ebara Pumps Limited	-		1,057,875	
	Key Management Personnel	1,700,000		1,700,000	
	Relatives of Key Management Personnel	3,400,000		3,400,000	
	TOTAL	382,045,593		443,164,604	
2	Amount Due				
	Subsidiary/Fellow subsidiary Companies	510,988,178		324,534,361	
	Hematic Motors Private Limited		465,735,079		323,400,787
	Enterprises over which key management personnel or their relatives exercise significant influence	-		11,570,542	
	Kirloskar Proprietary Limited		-		11,570,542
	Key Management Personnel	31,000,000			
	Mr. Sanjay Kirloskar		20,000,000		
	Mr. J. R. Sapre		10,000,000		
	TOTAL	541,988,178		336,104,903	

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



NOTES TO ACCOUNTS : PART C (CONTD.)

C-17 (D) Names of related parties with whom transactions have been entered into:

1) Subsidiary Companies	Kirloskar Constructions & Engineers Limited	
	The Kolhapur Steel Limited	
	Kirloskar Systech Limited	
	Hematic Motors Private Limited	
	Kirloskar Corrocoat Private Limited	
	SPP Pumps Limited	
	SPP (South Africa) Pty. Limited	
	SPP Pumps (MENA) LLC	
	SPP Pumps LP	
	Kirloskar Brothers Europe 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. R. K. Srivastava (till May 31, 2012)	
	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
	Mrs. Vijayalaxmi Srivastava (till May 31, 2012)	Wife of Mr. R. K. Srivastava
	Mrs. Asha J. Sapre	Wife of Mr. J. R. Sapre
	Ms. Preeti Sapre	Daughter of Mr. J. R. Sapre
5) Enterprises over which key management 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 loan and advances to subsidiary and associate companies:

A Loans and advances in the nature of loans:

₹

Sr. No.	Name of the Company	Balance as at		Maximum outstanding	
		31.03.2013	31.03.2012	31.03.2013	31.03.2012
1	To Subsidiary Companies				
	The Kolhapur Steel Limited	15,714,020	45,714,020	45,714,020	70,848,279
2	Hematic Motors Private Ltd.	-	-	300,000,000	300,000,000
	TOTAL	15,714,020	45,714,020	345,714,020	370,848,279

B Loans and advances in the nature of loan

i) **No repayment schedule:**

₹

Sr. No.	Name of the Company	Balance as at		Maximum outstanding	
		31.03.2013	31.03.2012	31.03.2013	31.03.2012
1	The Kolhapur Steel Limited	15,714,020	45,714,020	45,714,020	70,848,279
2	Hematic Motors Private Ltd.	-	-	300,000,000	300,000,000

ii) **No interest charged:**

₹

Sr. No.	Name of the Company	Balance as at		Maximum outstanding	
		31.03.2013	31.03.2012	31.03.2013	31.03.2012
1	The Kolhapur Steel Limited	15,714,020	45,714,020	45,714,020	57,500,000

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

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

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



NOTES TO ACCOUNTS : PART C (CONTD.)

C-19 Particulars related to Joint Ventures :

a) List of Joint Venture

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

b) Financial Interest in Jointly controlled entities

₹

Sr. No.	Name of the Joint Venture	Company's share in		
			As at March 31, 2013	As at March 31, 2012
1	Kirloskar Ebara Pumps Ltd.	Assets	634,659,607	831,758,752
		Liabilities	632,409,607	829,508,752
		Income	575,146,876	859,894,081
		Expenses	597,433,039	855,167,423

c) Contingent liabilities, if any, incurred in relation to interest in Joint Ventures : ₹ 1,052,807/- (₹ 2,772,131/-)

d) Capital commitments, if any, in relation to interest in Joint Ventures : ₹ 4,809,255/- (₹ 2,691,365/-)

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- (KDWSP) JV	Jointly controlled operations	N A	India
30	KBL and TCIPL JOINT VENTURE	Jointly controlled operations	N A	India

NOTES TO ACCOUNTS : PART C (CONTD.)

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

Particulars	Currency	Amount in FCY		Equivalent amount in INR	
		2013	2012	2013	2012
Forward Cover for loan	USD	8,000,000	14,000,000	408,880,000	703,660,000

b) Details of foreign currency exposures that are not hedged by a derivative instrument or otherwise as on 31.03.2013

Particulars	Currency	Amount in FCY		Equivalent amount in INR	
		2013	2012	2013	2012
Liability					
Sundry Creditors					
	EGP	6,302,608	7,110,429	50,218,360	59,904,652
	EUR	199,863	592,429	13,748,584	40,676,178
	GBP	29,348	92,214	2,396,225	7,576,276
	JPY	1,386,395	1,577,608	793,157	990,107
	OMR	21,404	12,000	3,019,462	1,236,840
	SEK	848,124	-	6,980,063	-
	USD	3,095,056	3,615,011	167,380,606	185,450,082
	VND	190,044,103	190,044,103	493,025	464,339
Loans	USD	21,200,000	21,136,886	1,146,496,000	1,084,322,257
Advances received from Customers					
	EGP	914,227	2,273,842	7,284,440	19,156,889
	EUR	411,751	329,788	28,324,344	22,643,216
	GBP	59,278	68,307	4,840,076	5,612,103
	USD	2,947,003	2,784,529	159,373,923	142,846,320
	VND	335,246,400	-	876,445	-
Assets					
Advances to Suppliers					
	EGP	3,479,990	6,470,977	27,728,105	54,517,331
	EUR	86,456	38,334	6,042,389	2,590,611
	GBP	18,025	985	1,492,330	79,815
	SEK	737,081	-	6,184,113	-
	USD	1,980,124	773,907	108,114,767	39,360,910
	VND	-	10,000,000	-	22,500


NOTES TO ACCOUNTS : PART C (CONTD.)

Particulars	Currency	Amount in FCY		Equivalent amount in INR	
		2013	2012	2013	2012
Sundry Debtors	EGP	4,195,997	3,898,175	33,433,156	32,841,736
	EUR	2,401,393	3,489,131	167,833,357	235,795,445
	GBP	321,540	994,620	26,620,322	80,594,081
	SGD	128,799	128,799	5,676,181	5,176,440
	USD	6,921,644	4,813,989	377,921,744	244,839,482
	VND	-	335,246,400	-	819,108
Bank Accounts	EGP	3,912,274	3,941,037	31,172,605	33,202,842
	EUR	115,495	6,705	8,071,916	460,347
	GBP	110,901	18,600	9,181,514	1,528,198
	USD	609,776	429,336	33,293,759	22,024,928
	VND	978,902	1,117,232	2,545	2,730

EGP - Egyptian Pound, GBP - Great Britain Pound, EUR - Euro, SEK - Swedish Krona, USD- US Dollar VND- Vietnamese Dong, SGD - Singapore Dollar, JPY - Japanese Yen, OMR- Omani Rial

NOTES TO ACCOUNTS : PART C (CONTD.)

C-21 Details of provisions and movements in each class of provision :

Particulars	As at March 31, 2013
	Warranty
Carrying amount at the beginning of the year	78,435,669 (62,875,094)
Provision made during the year	80,772,093 (78,435,669)
Amount used during the year	78,435,669 (62,875,094)
Unused amounts reversed during the year	- (-)
Carrying amount at the end of the year	80,772,093 (78,435,669)

C-22 Employees Stock Option Scheme :

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 below.

i) Details of Stock Options granted in previous year.

Sr No	Particulars	2012-13						
		Grant I	Grant II	Grant III	Grant IV	Grant V	Grant VI	Grant VII
1)	Exercise Price - ₹	200/-	200/-	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
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
4)	Options granted and outstanding at the beginning of the year	141,760 (253,800)	4,940 (10,220)	-	-	-	- (1,250)	21,750 -
5)	Options granted during the year	-	-	-	-	-	-	-
6)	Options cancelled/ lapsed during the year	-	-	-	-	-	-	(21,750)
7)	Options exercised during the year	9,780 (112,040)	380 (5,280)	-	-	-	-	3,000 -
8)	Option outstanding at the end of year	-	-	-	-	-	-	18,750
9)	Options granted and outstanding at the end of the year of which	-	-	-	-	-	(1,250)	-
a	Options Vested	131,980 (141,760)	4,560 (4,940)	-	-	-	-	- (21,750)
b	Options yet to Vest	-	-	-	-	-	-	-
		-	-	-	-	-	-	-

ii) No additional options are granted during current year.



- C-23** As per the information available with the Company till date none of the suppliers have informed the company about their having registered themselves under the "Micro, Small and Medium Enterprises Development Act, 2006". As such, information as required under this Act, cannot be compiled and therefore, not disclosed for the year.
- C-24** The Income Tax department based on its survey, had raised additional tax liability on the Company, which has been paid during the quarter ending March 31, 2013. The short provision for tax in respect of earlier years, consequent to the additional tax claim, has been appropriately provided and disclosed by the Company in the financial for the year ended on March 31, 2013.
- C-25** The figures have been regrouped / rearranged wherever necessary. Figures in bracket relate to previous year.

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

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Names of the Subsidiaries	Kirloskar Constructions & Engineers Limited	Kirloskar Brothers International B V (Consolidated)	The Kolhapur Steels Limited	Hematic Motors Pvt Ltd.	Kirloskar Corrocoat Private Ltd.	Kirloskar Systech Limited
1. The Financial year of the Subsidiary Companies ended on	March 31, 2013	December 31, 2012	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013
2. Holding Company's interest	Controls composition of the Board and also owns 100 % of equity share capital	Controls composition of the Board and also owns 100 % of equity share capital	Controls composition of the Board and also owns 95.95 % of equity share capital	Controls composition of the Board and also owns 100 % of equity share capital	Controls composition of the Board and also owns 65 % of equity share capital	Controls composition of the Board and also owns 100 % of equity share capital
3. Net aggregate amount of Subsidiary's Profits / (Losses) as far as it concerns members of the holding company not dealt with the Holding Company's accounts :						
(i) Profit / (Loss) for the Subsidiary's financial year end	(130,089,879)	307,558,571	7,097,704	94,507,686	(5,002,643)	3,610,514
(ii) Profits / (Losses) for its previous financial years since becoming subsidiary.	(332,131,680)	438,480,077	82,328,038	187,797,715	79,198,314	3,336,063
4. Net aggregate amount of Subsidiary's Profits / (Losses) dealt with in the Holding Company's accounts :						
(i) for the Subsidiary's financial year ended March 31, 2013 / December 31, 2012	Nil	Nil	Nil *	Nil *	Nil *	Nil *
(ii) for its previous financial years	Nil	Nil	Nil **	Nil **	Nil **	Nil **
* - except dividend Rs.	-	-	4,078,031	4,684,500	3,250,000	2,000,000
** - except dividend Rs.	-	-	32,622,166	24,954,300	48,750,000	-

For and on Behalf of the Board of Directors

SANJAY KIRLOSKAR
Chairman & Managing Director

S. N. INAMDAR
Director

SANDEEP PHADNIS
Company Secretary

UMESH R. SHASTRY
Vice President (Finance)

Pune: May 27, 2013



Statement showing information of subsidiary companies in terms of a general exemption granted by the Ministry of Corporate Affairs under section 212 (8) of the Companies Act, 1956 vide General Circular No. 2/2011 dt. February 8, 2011.

Sr. No	Name of the Subsidiary Company	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investment other than Investment in Subsidiary (Longterm)	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	Country
1	Kirloskar Constructions & Engineers Limited	INR	1.0000	411,500,020	(310,512,782)	612,082,286	612,082,286	5,100	112,507,745	(160,532,889)	(30,443,010)	(130,089,879)	-	India
2	Kirloskar Corrocoat Pvt. Ltd.	INR	1.0000	50,000,000	70,706,646	200,751,893	200,751,893	-	266,488,918	23,374,323	28,376,966	(5,002,643)	5,000,000	India
3	Hematic Motors Pvt. Ltd.	INR	1.0000	4,684,500	653,931,998	1,255,599,246	1,255,599,246	344,029	2,148,980,735	140,299,606	45,791,920	94,507,686	-	India
4	The Kohapur Steel Limited	INR	1.0000	17,001,563	48,659,074	323,589,482	323,589,482	-	367,807,122	6,562,883	(534,821)	7,097,704	4,250,000	India
5	Kirloskar Systech Limited	INR	1.0000	500,000	2,297,677	11,973,971	11,973,971	-	33,087,899	5,370,969	1,760,455	3,610,514	2,000,000	India
6	SPP Pumps Ltd.	GBP	81.6500	159,217,500	1,010,132,077	3,013,270,960	3,013,270,960	-	4,132,732,468	361,606,539	77,385,421	284,221,119	-	U K
7	SPP Pumps France EURL	EURO	68.7900	26,343,681	(38,112,618)	37,051,257	37,051,257	-	105,583,157	(13,476,443)	-	(13,476,443)	-	France
8	SPP (South Africa) Pty. Ltd.	RAND	5.8811	588	72,295,633	177,917,113	177,917,113	-	313,317,214	26,288,987	6,733,848	19,555,140	-	South Africa
9	SPP Pumps LP	USD	54.0800	27,040,000	89,674,861	731,900,441	731,900,441	-	1,214,768,485	69,840,102	27,731,575	42,108,527	-	U S A
10	Kirloskar Brothers International B V	EURO	68.7900	20,526,936	1,057,162,948	1,089,061,327	1,089,061,327	-	101,610,261	90,127,174	-	90,127,174	-	The Netherlands
11	Kirloskar Brothers Europe B V	EURO	68.7900	13,758,000	37,722,372	191,124,898	191,124,898	-	230,991,730	1,295,041	1,537,044	(242,003)	-	The Netherlands
12	Micawber 784 (Proprietary) Ltd.	RAND	5.8811	588	111,573,130	139,168,421	139,168,421	-	3,175,794	(353,872)	(99,085)	(254,787)	-	South Africa
13	Braybar Pumps (Proprietary) Ltd.	RAND	5.8811	588	39,661,874	138,812,103	138,812,103	-	205,823,515	26,472,895	7,417,102	19,055,793	-	South Africa
14	Kirloskar Brothers (Thailand) Ltd.	Baht	1.8521	18,521,200	(34,153,661)	122,222,127	122,222,127	-	183,867,105	(23,195,673)	(4,090,837)	(19,104,836)	-	Thailand
15	SPP Pumps (MENA) L.L.C.	EGP	7.9703	555,636	(8,589,430)	10,472,490	10,472,490	-	-	(8,587,460)	(1,971)	(8,585,489)	-	Egypt

Details of Certified Engines Limited, SPP Pumps Management LLC, SPP Pumps Holdings LLC and SPP France SAS are not provided, since dormant.

CONSOLIDATED FINANCIAL STATEMENTS

**CONSOLIDATED FINANCIAL STATEMENTS****INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS OF KIRLOSKAR BROTHERS LIMITED****Report on the 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"), which comprise the consolidated Balance Sheet as at March 31, 2013, the consolidated Profit and Loss Statement and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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. 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 31, 2013;
- (b) in the case of the consolidated Profit and Loss Statement, of the profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date

Other Matter

We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of ₹ 1,001,013,973/- as at March 31, 2013, total revenues of ₹ 600,244,554/- and net cash inflows amounting to ₹ 173,405,800/- for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

For M/s P. G. BHAGWAT

Chartered Accountants

Firm's Registration No.: 101118W

Abhijeet Bhagwat

Partner

Membership No.: 136835

Pune : May 27, 2013

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2013

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Particulars		Note No.	Figures as at the end of current reporting period ending on March 31, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
I.	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	A-1	158,716,902	158,679,402
	(b) Reserves and surplus	A-2	9,149,814,384	8,655,580,105
	(c) Money received against share warrants		-	-
			9,308,531,286	8,814,259,507
2	Share application money pending allotment		-	-
	Minority Interest			
	Capital		23,761,540	23,721,727
	Reserves and Surplus		41,998,142	47,047,458
			65,759,682	70,769,185
3	Non-current liabilities			
	(a) Long-term borrowings	A-3	555,303,307	500,710,355
	(b) Deferred tax liabilities (net)	A-4	-	31,180,737
	(c) Other long term liabilities	A-5	812,122,045	980,913,924
	(d) Long-term provisions	A-6	200,487,409	185,548,552
			1,567,912,761	1,698,353,568
4	Current liabilities			
	(a) Short-term borrowings	A-7	2,371,238,913	2,981,415,680
	(b) Trade payables		5,840,522,883	5,661,167,147
	(c) Other current liabilities	A-8	4,255,222,624	3,993,699,699
	(d) Short-term provisions	A-9	600,115,054	682,105,269
			13,067,099,474	13,318,387,795
	TOTAL		24,009,303,203	23,901,770,055
II.	ASSETS			
1	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	A-10	4,576,191,031	4,140,711,574
	(ii) Intangible assets	A-10	756,168,621	757,687,775
	(iii) Capital work-in-progress		166,406,264	428,872,073
	(iv) Intangible assets under development		-	-
	(b) Non-current investments		11,349,329	11,341,838
	(c) Deferred tax assets (net)		21,109,670	-
	(d) Long-term loans and advances	A-11	1,416,478,632	1,390,027,973
	(e) Other non-current assets	A-12	753,764,486	1,028,470,783
			7,701,468,033	7,757,112,016
2	Current assets			
	(a) Current investments		27,499,145	5,241,150
	(b) Inventories	A-13	3,603,181,386	3,602,774,457
	(c) Trade receivables	A-14	5,644,144,267	5,141,215,374
	(d) Cash and bank balances	A-15	692,857,431	356,584,617
	(e) Short-term loans and advances	A-16	2,160,289,616	2,509,016,315
	(f) Other current assets	A-17	4,179,863,325	4,529,826,126
			16,307,835,170	16,144,658,039
	TOTAL		24,009,303,203	23,901,770,055

Notes to accounts

Part- B

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

S. N. INAMDAR
Director

ABHIJEET BHAGWAT
Partner

SANDEEP PHADNIS
Company Secretary

UMESH R. SHASTRY
Vice President (Finance)

Pune : May 27, 2013

Pune : May 27, 2013


CONSOLIDATED PROFIT AND LOSS STATEMENT FOR YEAR ENDED MARCH 31, 2013

			Figures as at the end of current reporting period ending on March 31, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
Particulars		Note No.		
I.	Revenue from operations	A-18	27,428,456,226	26,598,183,077
	Less: Excise duty		1,303,688,108	1,053,615,025
			26,124,768,118	25,544,568,052
II.	Other income	A-19	158,090,584	489,477,311
III.	Total Revenue (I + II)		26,282,858,702	26,034,045,363
IV.	Expenses:			
	Cost of materials consumed	A-20	15,856,345,409	14,921,375,911
	Purchases of Stock-in-Trade		721,121,564	2,566,987,729
	Changes in inventories of finished goods work-in-progress and Stock-in-Trade	A-20	141,715,526	(409,589,358)
	Employee benefits expense	A-21	3,339,471,461	3,047,031,760
	Finance costs	A-22	545,069,305	628,078,454
	Depreciation and amortization expense		489,067,954	459,997,949
	Other expenses	A-23	4,070,489,866	4,067,895,192
	Total expenses		25,163,281,085	25,281,777,637
V.	Profit before exceptional and extraordinary items and tax (III-IV)		1,119,577,617	752,267,726
VI.	Exceptional items		-	-
VII.	Profit before extraordinary items and tax (V - VI)		1,119,577,617	752,267,726
VIII.	Extraordinary Items		-	-
IX.	Profit before tax (VII- VIII)		1,119,577,617	752,267,726
X.	Tax expense:			
	(1) Current tax		362,746,777	293,821,778
	(2) Deferred tax		(52,711,561)	(52,916,871)
			310,035,216	240,904,907
XI.	Profit/(Loss) for the period from continuing operations (IX-X)		809,542,401	511,362,819
XII.	Short provision of income tax on account of earlier years		151,573,179	5,129,469
XIII.	Profit/(loss) from discontinuing operations		-	-
XIV.	Tax expense of discontinuing operations		-	-
XV.	Profit/(loss) from Discontinuing operations (after tax) (XIII-XIV)		-	-
XVI.	Profit/(Loss) for the period (XI - XII-XV)		657,969,222	506,233,350
XVII.	Less : Minority Interest		(1,561,848)	18,151,066
XVIII.	Profit/(Loss) for the period (XVI- XVII)		659,531,070	488,082,284
XVIII.	Earnings per equity share having nominal value of ₹ 2/- per share	B-7		
	(1) Basic		8.31	6.15
	(2) Diluted		8.31	6.15

Notes to accounts

Part- B

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

S. N. INAMDAR
Director

ABHIJEET BHAGWAT
Partner

SANDEEP PHADNIS
Company Secretary

UMESH R. SHASTRY
Vice President (Finance)

Pune : May 27, 2013

Pune : May 27, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

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	Particulars	Figures as at the end of current reporting period ending on March 31, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
A	Cash flows from Operating Activities		
	Net Profit before Taxes and Extraordinary Items	1,119,577,617	752,267,726
	Adjustments for :-		
1	Depreciation / Amortization	489,067,954	459,997,949
2	(Profit)/Loss on sale of Fixed Assets	33,411,517	(5,674,928)
3	Employees Stock Option - Compensation debited to Profit and loss Account (net)	(1,928,079)	(28,197,282)
4	Provision for Doubtful Debts/Advances	14,203,016	214,284,419
5	Sundry debit balances written off	310,501	(1,508,574)
6	Interest Income	(26,423,514)	(44,529,325)
7	Dividend Income	(20,267,377)	(27,709,496)
8	Interest Expenses	368,786,698	507,871,038
9	Unrealized exchange (gain)/ Loss - Interest	88,519,444	78,509,717
10	Unrealized exchange (gain)/ Loss - Others	(37,818,796)	22,294,833
11	(Profit) / loss on sale of investment	(4,193,076)	(242,982,528)
12	Excess provision write back	(2,122,968)	(4,567,706)
13	Sundry credit balances written back	(687,606)	(1,167,777)
14	Depreciation write back	(384,608)	(41,387,643)
15	Impairment of assets write back	-	(2,500,000)
16	Prior period expenses	-	(1,739,024)
17	Preliminary expenses written off	-	1,599,016
	Operating Profit Before Working capital changes	2,020,050,723	1,634,860,415
	Adjustments for :-		
1	(Increase)/ decrease in Inventories	23,711,275	(287,430,451)
2	(Increase)/ decrease in Trade and Other Receivables	313,051,081	1,677,583,181
3	Increase/ (decrease) in Trade and other payables	38,504,111	(1,494,168,547)
4	Cash Generated from Operations	2,395,317,190	1,530,844,598
5	Income tax (paid) / refunded	(492,135,344)	(559,139,762)
	Net Cash from Operating Activities	1,903,181,846	971,704,836
B	Cash flows from Investing Activities		
1	Purchase of Fixed Assets	(773,363,276)	(700,245,815)
2	Sale of Fixed Assets	73,996,344	122,523,284
3	(Purchase)/sale of Investments	(14,849,935)	477,616,556
4	Interest Received	37,259,316	48,109,564
5	Dividend Received	34,279,908	60,270,579
	Net Cash from Investment Activities	(642,677,643)	8,274,168
C	Cash Flows from Financing Activities		
1	Proceeds from borrowings	810,905,755	273,952,356
2	Repayment of borrowings	(1,127,139,712)	(752,832,662)
3	Interest Paid	(390,772,433)	(535,484,812)
4	Dividend Paid	(193,537,292)	(305,967,591)
5	Tax on Dividend	(26,056,306)	(41,754,382)
6	Proceeds from issuance of share capital	37,500	2,500
	Net Cash used in Financing Activities	(926,562,488)	(1,362,084,591)
	Unrealized Exchange Gain / (Loss) in cash and cash equivalents	(398,080)	(5,827,240)
	Net Increase in Cash and Cash Equivalents	333,543,635	(387,932,827)
1	Cash & Cash Equivalents at beginning of period (refer note part A - 15 (a))	349,986,061	757,546,053
	Due to acquisition of subsidiary	-	1,754,937
	Due to sale / transfer of subsidiary	-	(21,382,102)
2	Cash & Cash Equivalents at end of period (refer note part A - 15 (a))	683,529,696	349,986,061

As per our report of even date attached

For and on behalf of the Board of Directors

For M/s P.G. Bhagwat
Chartered Accountants

SANJAY KIRLOSKAR
Chairman & Managing Director

S. N. INAMDAR
Director

ABHIJEET BHAGWAT
Partner

SANDEEP PHADNIS
Company Secretary

UMESH R. SHASTRY
Vice President (Finance)

Pune : May 27, 2013

Pune : May 27, 2013


NOTES TO CONSOLIDATED ACCOUNTS : PART A

₹

Particulars	Figures as at the end of current reporting period ending on March 31, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
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		
79,358,451 (79,338,701) equity shares of ₹ 2/- each (₹ 2/-) each	158,716,902	158,679,402
TOTAL	158,716,902	158,679,402

a) Reconciliation of share capital

Particulars	Figures as at the end of current reporting period ending on March 31, 2013		Figures as at the end of previous reporting period ending on March 31, 2012	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	79,339,701	158,679,402	79,338,451	158,676,902
Shares Issued during the year under ESOS	18,750	37,500	1,250	2,500
Shares outstanding at the end of the year	79,358,451	158,716,902	79,339,701	158,679,402

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, 2013 the board of directors have proposed dividend of ₹ 2/- (₹ 2/-) per share subject to shareholders' approval.

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

Name of the shareholder	Figures as at the end of current reporting period ending on March 31, 2013		Figures as at the end of previous reporting period ending on March 31, 2012	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Kirloskar Industries Ltd.	18,988,038	23.93	18,988,038	23.93
Mr. Sanjay Chandrakant Kirloskar *	15,801,653	19.91	15,766,641	19.87
Mrs. Pratima Sanjay Kirloskar	13,732,300	17.30	13,732,300	17.31
Reliance Capital Trustee Co. Ltd.	4,815,291	6.07	3,312,242	4.17

* includes 1,624,615 (1,589,603), 2.05% (2%) shares held in the capacity of a trustee.

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

Particulars	Figures as at the end of current reporting period ending on March 31, 2013		Figures as at the end of previous reporting period ending on March 31, 2012	
	No. of Shares	₹	No. of Shares	₹
Shares reserved for ESOS scheme (refer note C-22)	5,212,315	10,424,630	5,231,065	10,462,130

NOTES TO CONSOLIDATED ACCOUNTS : PART A (CONTD.)

₹

Particulars	Figures as at the end of current reporting period ending on March 31, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
Note : A-2		
Reserves & Surplus		
(a) Capital Reserves		
Opening balance	6,587,204	25,314,187
Less: Due to merger / transfer of subsidiaries	-	1,001,784
Less: Deduction	-	17,725,199
Closing balance	6,587,204	6,587,204
(b) Capital Redemption Reserve		
Opening balance	9,236,726	5,275,000
Less: Deduction	-	3,961,726
Closing balance	9,236,726	9,236,726
(c) Securities Premium Reserve		
Opening balance	403,910,909	403,583,034
Add: Securities premium credited on share issue	2,815,312	327,875
Closing balance	406,726,221	403,910,909
(d) Share Options Outstanding Account		
Opening balance	40,138,247	68,663,405
Less: Written back in current year	4,743,392	28,525,158
Closing balance	35,394,855	40,138,247
(e) Foreign currency translation reserve		
Opening balance	96,722,362	27,462,597
Add: Current year transfer	19,940,699	69,259,765
Closing balance	116,663,061	96,722,362
(f) General Reserve		
Opening Balance	6,706,860,034	6,627,787,787
Add: Transfer from surplus	44,518,777	78,070,463
Add /(Less): Due to merger / transfer of subsidiaries	-	1,001,784
Closing balance	6,751,378,811	6,706,860,034
(g) Surplus		
Opening balance	1,392,124,623	1,179,229,990
Add: Net Profit for the current year	659,531,070	488,082,284
Balance available for appropriation	2,051,655,693	1,667,312,274
Less: Appropriations :		
Proposed dividend	158,716,902	169,929,403
Tax on dividend	24,592,508	27,187,785
Transfer to general reserve	44,518,777	78,070,463
	227,828,187	275,187,651
Closing balance	1,823,827,506	1,392,124,623
TOTAL	9,149,814,384	8,655,580,105


NOTES TO CONSOLIDATED ACCOUNTS : PART A (CONTD.)

₹

Particulars	Figures as at the end of current reporting period ending on March 31, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
Note : A-3		
Long Term Borrowings		
Secured		
(a) Term loans from banks	204,881,881	407,085,764
Unsecured		
From others		
i) Interest free loan under sales tax deferral scheme	54,005,650	60,053,023
ii) Long term maturities of finance lease obligations	296,415,776	28,928,054
iii) Other long term loans and advances	-	4,643,514
TOTAL	555,303,307	500,710,355

Note : A- 4		
Deferred Tax Assets / (Liabilities) (net)		
(a) Deferred Tax Liabilities		
i) On depreciation / amortization of fixed assets	273,501,363	250,354,812
ii) On other timing differences	343,073	9,335,026
TOTAL	273,844,436	259,689,838
(b) Deferred Tax Assets		
i) On employees voluntary retirement schemes	1,531,893	2,325,893
ii) On provision for doubtful debts / advances	149,390,440	140,037,082
iii) On provision for employee benefits	108,491,823	74,167,378
iv) On other timing differences	35,539,950	11,978,748
TOTAL	294,954,106	228,509,101
NET	21,109,670	(31,180,737)

Note : A-5		
Other Long Term Liabilities		
(a) Trade Payables	236,494,011	72,659,401
(b) Others		
i) Advances and deposits received from customers	490,053,513	802,606,225
ii) Gross amount due to customers for project related contract work (refer note part B - 5)	85,574,521	105,648,298
TOTAL	812,122,045	980,913,924

Note : A-6		
Long Term Provisions		
(a) Provision for employee benefits		
i) Leave encashment	162,019,550	141,323,906
ii) Pension scheme	15,758,335	34,899,177
iii) Gratuity	19,595,638	-
(b) Others		
i) Provision for product warranty	3,113,886	9,325,469
TOTAL	200,487,409	185,548,552

NOTES TO CONSOLIDATED ACCOUNTS : PART A (CONTD.)

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Particulars	Figures as at the end of current reporting period ending on March 31, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
Note : A-7		
Short Term Borrowings		
Secured		
(a) Loans repayable on demand from banks		
i) Working capital demand Loans	315,845,125	-
ii) Cash / export credit facilities	1,104,533,719	1,885,815,419
Unsecured		
(a) Foreign currency short term loans and advances from banks		
Citibank N.A. - FCNRB	933,788,000	879,122,257
(b) Rupee short term loans and advances from banks		
Bank of India	17,072,069	216,478,004
TOTAL	2,371,238,913	2,981,415,680

Note : A-8		
Other Current Liabilities		
(a) Current maturities of long-term debt	413,748,702	274,697,649
(b) Interest accrued but not due on borrowings	30,755,271	40,218,691
(c) Investor Education & Protection fund (will be credited as and when due)		
i) Unpaid dividends	51,663,405	57,887,287
ii) Unpaid matured deposits and interest accrued thereon	-	43,000
(d) Other payables		
i) Gross amount due to customers for project related contract work (refer note part B-5)	665,905,018	470,125,705
ii) Advances from customers	1,347,437,294	1,408,143,423
iii) Salary & reimbursements	310,749,950	212,188,967
iv) Contribution to PF & superannuation	24,211,751	30,037,025
v) Other liabilities	689,095,870	992,813,671
vi) Provision for expenses	721,655,363	507,544,281
TOTAL	4,255,222,624	3,993,699,699


NOTES TO CONSOLIDATED ACCOUNTS : PART A (CONTD.)

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Particulars	Figures as at the end of current reporting period ending on March 31, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
Note : A-9		
Short Term Provisions		
(a) Provision for employee benefits		
i) Gratuity	40,631,866	44,577,021
ii) Leave encashment	146,160,164	177,934,469
(b) Others		
i) Proposed dividend	160,639,024	171,851,372
ii) Dividend distribution tax	24,904,329	27,505,812
iii) Provision for income tax (net of advance tax)	86,798,268	120,713,535
iv) Provision for product warranty	111,040,098	109,668,167
v) Other short term provisions	29,941,305	29,854,893
TOTAL	600,115,054	682,105,269

NOTES TO ACCOUNTS: PART A (CONTD.)

Note A-10: Tangible and Intangible Assets

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Particulars	Tangible Assets					Intangible assets					
	Land Free/ Lease Hold	Buildings	Plant & Equipment	Furniture & Fixture	Vehicles	Railway Siding	Total	Goodwill	Computer Software	Technical Knowhow	Total
Gross Block											
At 01.04.2011	415,312,183	1,420,223,079	4,479,036,917	243,834,325	146,227,157	1,671,765	6,706,305,426	777,871,173	164,331,486	-	942,202,659
Additions											
Addition on account of acquisition of subsidiary	-	-	3,749,126	2,442,845	706,462	-	6,898,433	-	2,027,820	-	2,027,820
Elimination on account of disposal of subsidiary	(1,790)	(9,206,464)	(12,734,231)	(4,141,433)	(5,965,329)	-	(32,049,247)	(10,239,894)	(1,764,730)	-	(12,004,624)
Additions during the year	7,824,628	190,183,610	325,273,552	7,303,562	15,075,588	-	545,660,940	6,741,806	13,314,171	14,371,340	34,427,317
Borrowing Cost	-	-	21,264,695	-	-	-	21,264,695	-	-	-	-
Exchange difference	(46,164,407)	53,403,682	97,484,661	(62,643,817)	3,527,590	-	45,607,669	-	(41,515)	-	(41,515)
	(38,341,569)	234,380,308	435,037,803	(57,038,843)	13,344,311	-	587,382,510	(3,498,088)	13,535,746	14,371,340	24,408,998
Deductions											
Deductions during the year	-	833,900	203,784,682	16,428,744	40,718,526	-	261,765,852	49,986,815	931,388	-	50,918,203
At 31.03.2012	376,970,614	1,653,769,987	4,710,290,038	170,366,738	118,852,942	1,671,765	7,031,922,084	724,386,270	176,935,844	14,371,340	915,693,454
Reorganisation of opening block as per Indian GAAP in case of foreign subsidiaries	37,588,265	(37,588,252)	(179,196,226)	179,196,213	-	-	-	-	-	-	-
As on 1.04.2012	414,538,879	1,616,201,735	4,531,093,812	349,562,951	118,852,942	1,671,765	7,031,922,084	724,386,270	176,935,844	14,371,340	915,693,454
Additions											
Additions during the year	841,600	542,324,819	390,272,709	56,770,370	10,362,590	-	1,000,572,088	5,200	19,957,958	-	19,963,158
Borrowing Cost	-	-	5,666,108	-	-	-	5,666,108	-	-	-	-
Exchange difference	1,590,827	3,324,091	5,550,804	(1,166,259)	(1,519,043)	-	7,780,420	7,704,906	52,715	-	7,757,621
Sub Total	2,432,427	545,648,910	401,489,621	55,604,111	8,843,547	-	1,014,018,616	7,710,106	20,010,673	-	27,720,779
Deductions	-	2,499,661	320,020,235	11,934,062	30,262,462	8,008	364,724,428	-	9,172	-	9,172
At 31.03.2013	416,971,306	2,159,359,984	4,612,563,198	393,233,000	97,434,027	1,663,757	7,681,216,272	732,096,376	196,937,345	14,371,340	943,405,661
Depreciation / Amortisation											
At 01.04.2011	936,387	204,835,443	2,195,826,945	129,304,257	91,364,174	1,537,338	2,623,804,544	2,456,377	116,320,173	-	118,776,550
Addition on account of acquisition of subsidiary	-	-	1,087,876	603,622	152,427	-	1,843,925	-	326,570	-	326,570
Elimination on account of disposal of subsidiary	-	(2,415,640)	(7,357,196)	(1,350,305)	(3,978,504)	-	(15,302,205)	-	(281,603)	-	(281,603)
Change in the method of Depreciation	-	(1,778,342)	(37,545,771)	(1,170,432)	(1,766,827)	-	(42,261,372)	-	873,729	-	873,729
Sub Total	-	(4,193,962)	(44,015,651)	(1,917,115)	(5,592,904)	-	(55,719,652)	-	918,696	-	918,696
For the year	6,532,655	29,903,508	382,114,174	11,113,777	11,115,946	22,727	420,802,787	13,868,334	23,447,907	1,878,921	39,195,162
Exchange difference	(1,023,970)	4,712,301	76,334,250	(48,180,374)	664,752	-	32,506,959	-	46,659	-	46,659
For the year including on Assets Acquired	5,508,685	30,421,827	394,432,773	(38,983,712)	6,187,794	22,727	397,590,094	13,868,334	24,413,262	1,878,921	40,160,517
Recouped	-	34,344	81,138,078	10,769,669	35,741,037	-	127,684,128	-	931,388	-	931,388
Reversal of impairment loss	-	-	2,500,000	-	-	-	2,500,000	-	-	-	-
	-	34,344	83,638,078	10,769,669	35,741,037	-	130,184,128	-	931,388	-	931,388
	5,508,685	30,387,483	310,793,695	(48,753,381)	(29,553,243)	22,727	267,405,966	13,868,334	23,481,874	1,878,921	39,229,129
At 31.03.2012	6,445,072	235,222,926	2,506,620,640	79,550,876	61,810,931	1,560,065	2,891,210,510	16,324,711	139,802,047	1,878,921	158,005,679
Reorganisation of opening block as per Indian GAAP in case of foreign subsidiaries	(5,917,600)	5,917,777	(119,164,935)	119,164,758	-	-	-	-	-	-	-
As on 1.04.2012	527,472	241,140,703	2,387,455,705	198,715,634	61,810,931	1,560,065	2,891,210,510	16,324,711	139,802,047	1,878,921	158,005,679
For the year	83,720	42,114,092	361,346,209	45,009,076	11,268,107	19,750	459,841,954	-	25,827,785	3,398,215	29,226,000
Exchange difference	-	1,595,986	7,646,352	(3,841,686)	(83,131)	-	5,319,521	-	318,659	(308,744)	9,915
For the year including on Assets Acquired	83,720	43,710,078	368,994,561	41,167,390	11,185,976	19,750	465,161,475	-	26,146,444	3,089,471	29,235,915
Recouped	-	148,944	222,802,375	7,374,727	21,012,690	8,008	251,346,744	-	-	5,154	5,154
	83,720	43,561,134	146,192,186	33,922,663	(9,826,714)	11,742	213,814,731	-	26,146,444	3,084,317	29,230,761
Sub Total	611,192	284,701,837	2,533,647,891	232,508,297	51,984,217	1,571,807	3,105,025,241	16,324,711	165,946,491	4,963,238	187,236,440
At 31.03.2013											
Net Block											
As at 31.03.2012	370,525,542	1,418,547,061	2,203,669,398	90,815,862	57,042,011	111,700	4,140,711,574	708,061,559	37,133,797	12,492,419	757,687,775
As at 31.03.2013	416,380,114	1,874,649,147	2,078,916,307	160,724,703	45,448,810	91,950	4,576,191,031	715,771,665	30,968,854	9,408,102	756,168,621


NOTES TO CONSOLIDATED ACCOUNTS : PART A (CONTD.)

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Particulars	Figures as at the end of current reporting period ending on March 31, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
Note : A-11		
Long Term Loans and Advances		
(a) Capital advances		
Unsecured, considered good	147,969,347	177,275,834
(b) Security deposits		
Unsecured, considered good	311,759,902	277,098,198
Doubtful	5,327,267	5,327,267
	317,087,169	282,425,465
Less: Provision for doubtful deposits	5,327,267	5,327,267
	311,759,902	277,098,198
(c) Other loans and advances		
i) Advances to suppliers and others		
Unsecured, considered good	146,866,986	101,135,988
ii) Advance income tax (net of provision)	809,882,397	834,517,953
TOTAL	1,416,478,632	1,390,027,973

Note : A-12		
Other Non Current Assets		
(a) Long term trade receivables		
Unsecured, considered good	361,918,900	467,239,930
Doubtful	303,445,857	293,866,618
	665,364,757	761,106,548
Less: Provision for doubtful receivables	303,445,857	293,866,618
	361,918,900	467,239,930
(b) Others		
i) Claims receivables		
Unsecured, considered good	77,648,281	81,485,691
Doubtful	147,725,744	147,725,744
	225,374,025	229,211,435
Less: Provision for doubtful claims	147,725,744	147,725,744
	77,648,281	81,485,691
ii) Gross amount due from customers (refer note part B-5)		
Unsecured, considered good	262,617,933	446,126,119
iii) Fixed deposits with bank for maturity of more than 12 months		
Unsecured, considered good	50,593,590	33,505,162
iv) Prepaid expenses		
Unsecured, considered good	985,782	113,881
TOTAL	753,764,486	1,028,470,783

NOTES TO CONSOLIDATED ACCOUNTS : PART A (CONTD.)

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Particulars	Figures as at the end of current reporting period ending on March 31, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
Note : A -13		
Inventories		
(a) Raw materials	1,065,961,890	900,508,513
(b) Work-in-progress	1,536,121,147	1,549,348,204
(c) Finished goods	706,115,178	752,360,900
(d) Stock-in-trade	209,963,519	292,206,266
(e) Stores and spares	85,019,652	108,350,574
TOTAL	3,603,181,386	3,602,774,457

Note : A-14		
Trade receivables		
i) Trade receivables outstanding for a period exceeding six months Unsecured, considered good	1,230,358,954	651,528,995
ii) Trade receivables outstanding for a period less than six months Unsecured, considered good	4,413,785,313	4,489,686,379
TOTAL	5,644,144,267	5,141,215,374

Note : A-15		
Cash & Bank Balances		
(a) Cash & Cash Equivalents		
i) Cash on hand	2,951,742	6,218,159
ii) Balances with banks	628,944,902	285,909,110
iii) Earmarked balances with banks Unpaid dividend accounts	51,633,052	57,858,792
	683,529,696	349,986,061
(b) Other Bank Balances		
Fixed deposits (More than 3 months but less than 12 months)	9,327,735	6,598,556
TOTAL	692,857,431	356,584,617

Note : A-16		
Short term loans and advances		
(a) Others		
i) Security deposits Unsecured, considered good	1,081,118,830	1,074,998,238
ii) Advances to suppliers and others Unsecured, considered good	795,194,806	1,150,127,652
iii) Advance income tax (net of provision for tax)	283,975,980	283,890,425
TOTAL	2,160,289,616	2,509,016,315


NOTES TO CONSOLIDATED ACCOUNTS : PART A (CONTD.)

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Particulars	Figures as at the end of current reporting period ending on March 31, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
Note : A-17		
Other current assets		
(i) Interest accrued on investments & deposits		
Unsecured considered good	1,454,146	2,815,138
(ii) Claims receivables		
Unsecured considered good	1,268,305,351	1,486,110,706
(iii) Gross amount due from customers (refer note part B -5)	2,910,103,828	3,040,900,282
TOTAL	4,179,863,325	4,529,826,126
Note : A-18		
Revenue from operations		
Sale of products	21,565,910,203	18,715,372,654
Less: Excise duty	1,303,688,108	1,053,615,025
	20,262,222,095	17,661,757,629
Project related revenue	4,708,573,430	6,699,394,254
Sale of services	980,612,549	921,059,735
	25,951,408,074	25,282,211,618
Other operating revenues	173,360,044	262,356,434
TOTAL	26,124,768,118	25,544,568,052
Note : A-19		
Other Income		
(a) Interest Income		
i) from Banks	5,850,390	4,424,020
ii) from customers	3,611,311	7,052,383
iii) from others	16,961,813	33,052,939
(b) Dividend income from long term investments		
from others	20,267,377	27,709,479
(c) Gain on sale of long term investment	4,197,652	256,271,479
(d) Other non operating income	107,202,041	160,967,011
TOTAL	158,090,584	489,477,311

NOTES TO CONSOLIDATED ACCOUNTS : PART A (CONTD.)

₹

Particulars	Figures as at the end of current reporting period ending on March 31, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
Note : A-20		
Cost of material consumed		
Raw material consumed	14,360,045,621	13,544,748,058
Stores and spares consumed	880,489,528	800,403,630
Processing charges	615,810,260	576,224,223
	15,856,345,409	14,921,375,911
Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Opening Stock		
Finished goods	752,360,900	528,330,157
Work-in-progress	1,549,348,204	1,499,260,642
Stock in trade	292,206,266	156,735,213
	2,593,915,370	2,184,326,012
Closing Stock		
Finished goods	706,115,178	752,360,900
Work-in-progress	1,536,121,147	1,549,348,204
Stock in trade	209,963,519	292,206,266
	2,452,199,844	2,593,915,370
TOTAL	141,715,526	(409,589,358)
Note : A-21		
Employee benefits expense		
Salaries, wages and bonus	2,876,666,373	2,635,979,353
Contribution to provident fund and E.S.I.	224,182,030	191,115,996
Gratuity	34,656,910	27,053,465
Welfare expenses	143,882,735	167,304,004
Pension benefits	62,011,492	53,776,224
ESOS expenses	(1,928,079)	(28,197,282)
TOTAL	3,339,471,461	3,047,031,760
Note : A-22		
Finance costs		
Interest expense	368,786,698	424,960,562
Other borrowing costs	127,687,554	141,440,817
Applicable net loss on foreign currency transactions and translation	48,595,053	61,677,075
TOTAL	545,069,305	628,078,454


NOTES TO CONSOLIDATED ACCOUNTS : PART A (CONTD.)

₹

Particulars	Figures as at the end of current reporting period ending on March 31, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
Note : A-23		
Other expenses		
Power & fuel	348,932,682	291,577,306
Repairs and maintenance		
Plant and machinery	14,930,789	165,299,509
Buildings	150,284,510	22,441,165
Others	25,256,166	64,385,282
Rent	235,695,303	186,121,290
Rates and taxes	63,664,986	41,581,477
Travel and conveyance	483,001,860	409,762,634
Postage and telephone	122,532,145	101,085,378
Insurance	182,870,555	168,732,535
Directors sitting fees	776,300	788,704
Royalties and fees	52,926,063	51,715,901
Cash discount	184,193,006	135,190,081
Freight and forwarding charges	483,391,106	405,246,156
Brokerage and commission	191,943,251	209,250,185
Advertisements and publicity	161,812,237	118,389,137
Provision for product warranty	78,458,137	85,644,592
Loss on sale/disposal of fixed assets	33,411,517	25,055,933
Loss on sale/disposal of investment	4,576	13,288,951
Bad debts, claims, and advances written off	80,630,261	499,817,936
Provision for doubtful debts, advances & claims	14,203,016	214,284,419
Forein exchange difference (net)	63,994,700	54,418,029
Watch and Ward expenses	34,735,816	25,286,314
Legal expenses and Consulting fees	292,026,609	250,829,917
Computer Services	71,618,130	44,910,362
Stationery & Printing	21,468,841	22,109,294
Training course expenses	32,765,998	35,579,382
Other miscellaneous expenses	644,961,306	425,103,323
TOTAL	4,070,489,866	4,067,895,192

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 Constructions and Engineers Ltd	India	100%	31 st March, 2013
Kirloskar Brothers International B.V (Consolidated Financial Statements)	The Netherlands	100%	31 st December, 2012
The Kolhapur Steel Limited	India	95.95%	31 st March, 2013
Hematic Motors Private Ltd	India	100%	31 st March, 2013
Kirloskar Corrocoat Private Ltd.	India	65%	31 st March, 2013
Kirloskar Systech Ltd.	India	100%	31 st March, 2013

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%	31 st March, 2013


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	476,715,566
Non-current liabilities	
Long-term borrowings	4,321,266
Deferred tax liabilities (Net)	16,897,143
Long-term provisions	7,557,519
Current liabilities	
Short-term borrowings	15,492,114
Trade payables	47,145,114
Other current liabilities	31,150,394
Short-term provisions	33,130,491
Application of Funds	
Non-current assets	
Fixed assets	239,821,657
Long-term loans and advances	3,158,375
Current assets	
Current investments	22,499,145
Inventories	102,468,923
Trade receivables	195,682,342
Cash and bank balances	28,745,969
Short-term loans and advances	42,282,363
Other current assets	834

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

₹

Particulars	Kirloskar Ebara Pumps Limited
Income	
Sales and Other Income	575,146,876
Expenditure	
Materials consumed	376,775,429
Payments and benefits to employees	74,433,505
Operating and other expenses	111,775,155
Finance cost	2,414,505
Depreciation and amortization	32,034,446
Provision for tax	2,388,302

B-2 Other Accounting Policies :

- They are set out in Part B: Notes forming parts of accounts of the parent company.
- The financial statements of all Indian subsidiaries and joint venture company have been prepared to comply in all material respects with the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 and those of the foreign subsidiaries have been prepared in compliance with the local laws and applicable Accounting Standards.

NOTES TO CONSOLIDATED ACCOUNTS : PART B (CONTD.)

c) Foreign Currency Transactions

The operations of the foreign subsidiary 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 2013.

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

₹

	Figures as at the end of current reporting period ending on March 31, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
B-3	Estimated amount of contracts remaining to be executed on capital account and not provided for	
	153,082,284	99,419,058
B-4	Contingent liabilities not provided for in respect of :	
a)	Guarantees:	
	By the company to ICICI Bank Ltd. on behalf of SPP Pumps Ltd. [GBP 7,000,000]	-
		570,192,000
	By the company to Citi Bank N. A. on behalf of SPP Pumps Ltd. [USD 10,500,000]	
		572,775,000
	By the company to Indian Overseas Bank Ltd. on behalf of Kirloskar Constructions and Engineers Ltd.	
		500,000,000
	By the company to Bank of Maharashtra on behalf of Gondwana Engineers Limited	
		-
		82,500,000
	By the company to Citi Bank N.A. on behalf of Kirloskar Brothers (Thailand) Ltd. [USD 3,000,000]	
		163,650,000
	By the company to Citi Bank N.A. on behalf of Kirloskar Brothers Europe B. V. [USD 5,000,000]	
		272,750,000
	By the company to Citi Bank N.A. on behalf of Braybar Pumps (Proprietary) Ltd. [USD 2,000,000, (-)]	
		109,100,000
	By the company to Citi Bank N.A. on behalf of Hematic Motors Pvt. Ltd. [USD 5,000,000, (-)]	
		327,300,000
b)	Other money for which the Company is contingently liable for	
	(i) Central Excise (Matter Subjudice)	670,814,463
		212,221,687
	(ii) Sales Tax (Matter Subjudice)	83,439,571
		89,608,533
	(iii) Income Tax (Matter Subjudice)	739,225,346
		873,907,607
	(iv) Labour Matters (Matter Subjudice)	48,115,406
		45,537,129
	(v) Other Legal Cases (Matter Subjudice)	586,536,250
		560,307,661
	(vi) Letters of Credit Outstanding	677,131,468
		1,170,034,222


NOTES TO CONSOLIDATED ACCOUNTS : PART B (CONTD.)

		Figures as at the end of current reporting period ending on March 31, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
B-5	Construction contracts :		
	a) Contract revenue recognised as revenue for the year	4,708,573,430	6,699,394,254
	b) Advances received	783,858,971	945,594,381
	c) Amount of retentions	1,205,829,118	1,125,671,561
	d) Gross amount due from customer		
	Contract costs incurred	41,919,128,927	40,311,769,262
	Add: Recognised profits less recognised losses	6,751,229,484	7,523,356,743
	Less: Progress Billing	45,497,636,650	44,348,099,604
	[Net (note part A-12 (b)(ii) + note part A-17 (iii)]	3,172,721,761	3,487,026,401
	e) Gross amount due to customer		
	Contract costs incurred	11,265,953,994	8,320,592,833
	Add: Recognised profits less recognised losses	2,567,518,460	1,580,975,143
	Less: Progress Billing	14,584,951,993	10,477,341,979
	[Net (note part A-5 (b)(ii) + note part A - 8 (d(i))]	(751,479,539)	(575,774,003)

B-6 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	Kirloskar Constructions and Engineers Limited	Subsidiary Company
2	The Kolhapur Steel Limited	Subsidiary Company
3	Kirloskar Systech Limited	Subsidiary Company
4	Hematic Motors Private Limited	Subsidiary Company
5	Kirloskar Corrocoat Private Limited	Subsidiary Company
6	Kirloskar Brothers International B.V.	Subsidiary Company
7	SPP Pumps Limited	Subsidiary of Kirloskar Brothers International B.V.
8	SPP Pumps France EURL	Subsidiary of SPP Pumps Limited
9	Certified Engines Limited	Subsidiary of SPP Pumps Limited
10	SPP (South Africa) Pty. Limited	Subsidiary of SPP Pumps Limited
11	SPP Pumps Holdings LLC	Subsidiary of SPP Pumps Limited
12	SPP Pumps Management LLC	Subsidiary of SPP Pumps Limited
13	SPP France S A S	Subsidiary of SPP Pumps Limited
14	SPP Pumps LP	Subsidiary of SPP Pumps Limited
15	Kirloskar Brothers Europe B.V.	Subsidiary of Kirloskar Brothers International B.V.
16	Micawber 784 (Proprietary) Limited	Subsidiary of Kirloskar Brothers International B.V.
17	Braybar Pumps (Proprietary) Limited	Subsidiary of Micawber 784 (Proprietary) Limited
18	Kirloskar Brothers(Thailand) Limited	Subsidiary of Kirloskar Brothers International B.V.
19	SPP Pumps (MENA) LLC	Subsidiary of Kirloskar Brothers International B.V.

NOTES TO CONSOLIDATED ACCOUNTS : PART B (CONTD.)

(B) Disclosure of related parties transactions

₹

Sr. No.	Nature of transactions with related parties	2012-2013		2011-2012	
		Amount	Amount for Major parties*	Amount	Amount for Major parties*
1	Purchase of goods & services				
	Enterprises over which key management personnel or their relatives exercise significant influence	1,799,563		20,140,530	
	Pradhan Engineering Enterprises Karad		1,182,597		17,793,151
	Shrirang Industries		-		263,204
	Niksan Agro Tech India Pvt. Ltd.		-		2,084,175
2	Joint Venture	38,779,026		29,036,478	
	Kirloskar Ebara Pumps Limited		38,779,026		29,036,478
	TOTAL	40,578,589		49,177,008	
	Sale of goods/contract revenue & services				
	Enterprises over which key management personnel or their relatives exercise significant influence	3,638,287		4,744,671	
3	Rendering Services				
	Joint Venture	842,700		606,650	
	Kirloskar Ebara Pumps Limited		842,700		606,650
	TOTAL	842,700		606,650	
	Receiving Services				
4	Key Management Personnel	840,000		660,000	
	Mr. Sanjay Kirloskar		840,000		660,000
	Relatives of Key Management Personnel	2,107,648		2,766,260	
	Mrs. Pratima Kirloskar		1,887,648		1,566,260
	Mrs. Vijayalaxmi Srivastava		100,000		600,000
5	Enterprises over which key management personnel or their relatives exercise significant influence	105,000		122,350	
	Kirloskar Proprietary Limited		105,000		105,000
	Pradhan Engineering, Karad		-		17,350
	TOTAL	3,052,648		3,548,610	
	Reimbursement of expenses				
5	Joint Venture	3,371,153		1,462,820	
	Kirloskar Ebara Pumps Limited		3,371,153		1,462,820
	TOTAL	3,371,153		1,462,820	


NOTES TO CONSOLIDATED ACCOUNTS : PART B (CONTD.)
(B) Disclosure of related parties transactions

₹

Sr. No.	Nature of transactions with related parties	2012-2013		2011-2012	
		Amount	Amount for Major parties	Amount	Amount for Major parties
6	Royalty Paid				
	Enterprises over which key management personnel or their relatives exercise significant influence	53,621,552		51,907,533	
	Kirloskar Proprietary Limited		53,621,552		51,907,533
	TOTAL	53,621,552		51,907,533	
7	Dividend paid				
	Key Management Personnel	28,354,076		49,630,133	
	Mr. Sanjay Kirloskar		28,354,076		49,619,633
	Relatives of Key Management Personnel	27,482,868		48,118,798	
	Mrs. Pratima Kirloskar		27,464,600		48,063,050
	TOTAL	55,836,944		97,748,931	
8	Dividend received				
	Joint Venture	11,250,000		11,250,000	
	Kirloskar Ebara Pumps Limited		11,250,000		11,250,000
	Enterprises over which key management personnel or their relatives exercise significant influence	100		100	
	Kirloskar Proprietary Limited		100		100
	TOTAL	11,250,100		11,250,100	
9	Remuneration Paid				
	Key Management Personnel	56,132,547		25,485,757	
	Mr. Sanjay Kirloskar		31,592,393		11,192,640
	Mr. R. K. Srivastava		1,737,095		3,896,945
	Mr. J. R. Sapre		15,638,415		4,057,683
	Mr. H. S. Gune		-		2,800,000
	Mr. Ganesh K Iyer		2,549,017		3,538,489
	Mr. G. V. Ramdurgkar		3,206,762		-
	Relatives of Key Management Personnel	316,814		3,149,097	
	Mr. Alok Kirloskar		-		2,868,629
	Ms. Preeti J Sapre		316,814		280,468
	TOTAL	56,449,361		28,634,854	
10	Reimbursement of Expenses				
	Enterprises over which key management personnel or their relatives exercise significant influence	-		595,357	
	Kirloskar Proprietary Limited		-		
	TOTAL	-		595,357	595,357

* "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.)

(C) Amount due to/from related parties

₹

Sr. No.	Nature of transactions with related parties	2012-2013		2011-2012	
		Amount	Amount for Major parties*	Amount	Amount for Major parties*
1	Accounts receivable				
	Enterprises over which key management personnel or their relatives exercise significant influence	1,919,714		-	
	Pradhan Engineering Enterprises, Karad		1,693,214		-
	AG Electro Services, Karad		204,526		-
	Joint Venture	-		1,057,875	
	Kirloskar Ebara Pumps Limited		-		1,057,875
	Key Management Personnel	2,164,050		1,700,000	
	Mr. Sanjay Kirloskar		1,700,000		1,700,000
	Mr. G.V. Ramdurgkar		464,050		
	Relatives of Key Management Personnel	3,400,000		3,400,000	
	Mrs. Pratima Kirloskar		3,400,000		3,400,000
	TOTAL	7,483,764		6,157,875	
2	Amount Due				
	Joint Venture	32,889,987		-	
	Kirloskar Ebara Pumps Limited		32,889,987		-
	Enterprises over which key management personnel or their relatives exercise significant influence	-		11,570,542	
	Kirloskar Proprietary Limited		-		11,570,542
	Key Management Personnel	31,000,000		-	
	Mr. Sanjay Kirloskar		20,000,000		-
	Mr. J. R. Sapre		10,000,000		-
	TOTAL	63,889,987		11,570,542	

* "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:

1)	Joint Venture	Kirloskar Ebara Pumps Limited	
2)	Key Management Personnel	Mr. Sanjay Kirloskar	
		Mr. J. R. Sapre	
		Mr. R. K. Srivastava (Up to May 31, 2012)	
		Mr. Ganesh K. Iyer	
		Mr. G. V. Ramdurgkar	
3)	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
		Mrs. Vijayalaxmi Srivastava	Wife of Mr. R. K. Srivastava
		Mrs. Asha J. Sapre	Wife of Mr. J. R. Sapre
		Ms. Preeti Sapre	Daughter of Mr. J. R. Sapre
4)	Enterprises over which key management personnel or their relatives exercise significant influence	Kirloskar Proprietary Limited	
		Pradhan Engineering Enterprises Pvt. Limited	
		Shrirang Industries	
		Deepal Stampings Pvt. Limited, Kolhapur	
		AG Electro Services, Karad	
		Niksan Agro Tech India Pvt. Limited	

NOTES TO CONSOLIDATED ACCOUNTS : PART B (CONTD.)

₹

	Figures as at the end of current reporting period ending on March 31, 2013	Figures as at the end of previous reporting period ending on March 31, 2012
B-7 Earning per Share (Basic and diluted) :		
I - Basic		
Profit for the year before tax	1,119,577,617	752,267,726
Less : Attributable tax thereto	461,608,395	246,034,376
Less : Minority Interest	(1,561,848)	18,151,066
Profit after tax	659,531,070	488,082,284
Total number of equity shares at the end of the year used as denominator	79,358,451	79,339,701
Basic earning per share of nominal value of ₹ 2/- each	8.31	6.15
II - Diluted		
Profit for the year before tax	1,119,577,617	752,267,726
Less : Attributable tax thereto	461,608,395	246,034,376
Less : Minority Interest	(1,561,848)	18,151,066
Profit after tax	659,531,070	488,082,284
Total number of equity shares at the end of the year	79,358,451	79,339,701
Add : Weighted average number of potential equity shares on account of employee stock option	-	21,442
Weighted average number of shares outstanding used as denominator	79,358,451	79,361,143
Diluted earning per share of nominal value of ₹ 2/- each	8.31	6.15



NOTES TO CONSOLIDATED ACCOUNTS : PART B (CONTD.)

B-8 Particulars related to Joint Ventures :

List of Joint Ventures and Jointly Control Operations

Sr. No.	Name of the Joint Venture & Jointly controlled operations	Description	Country of Incorporation
1	Kirloskar Ebara Pumps Ltd.	Jointly controlled entity	India
2	KBL – MCCL	Jointly controlled operations	India
3	KCCPL – IHP – BRC – TAIPPL – KBL JV	Jointly controlled operations	India
4	IVRCL – KBL JV	Jointly controlled operations	India
5	Maytas – KBL JV	Jointly controlled operations	India
6	Larsen & Toubro – KBL JV	Jointly controlled operations	India
7	KBL-MEIL-KCCPL JV	Jointly controlled operations	India
8	KBL – PLR JV	Jointly controlled operations	India
9	KBL – Koya – VA Tech JV	Jointly controlled operations	India
10	KBL – PIL Consortium	Jointly controlled operations	India
11	Larsen & Toubro – KBL – Maytas JV	Jointly controlled operations	India
12	IVRCL – KBL – MEIL JV	Jointly controlled operations	India
13	Pioneer – Avantica – ZVS – KBL JV	Jointly controlled operations	India
14	AMR – Maytas – KBL – WEG JV	Jointly controlled operations	India
15	Indu – Shrinivasa Constructions – KBL – WEG JV	Jointly controlled operations	India
16	MEIL – KBL – IVRCL JV	Jointly controlled operations	India
17	MEIL – Maytas – KBL JV	Jointly controlled operations	India
18	KCCPL – TAIPPL – KBL JV	Jointly controlled operations	India
19	KBL-SPML JV	Jointly controlled operations	India
20	MEIL - KBL JV	Jointly controlled operations	India
21	KIRLOSKAR - MEMWPL JV	Jointly controlled operations	India
22	MAYTAS – MEIL – KBL JV	Jointly controlled operations	India
23	Gondwana - KBL JV	Jointly controlled operations	India
24	MEIL -PRASAD-KBL CONSORTIUM	Jointly controlled operations	India
25	JCPL - MEIL - KBL CONSORTIUM	Jointly controlled operations	India
26	KBL -PTIL UJV	Jointly controlled operations	India
27	KBL - RATNA - JOINT VENTURE	Jointly controlled operations	India
28	MEIL-KBL-WEG CONSORTIUM	Jointly controlled operations	India
29	MEIL-KBL- (KDWSP) JV	Jointly controlled operations	India
30	KBL and TC IPL JOINT VENTURE	Jointly controlled operations	India
31	Asian Techs Ltd.- ABCI Infrastructures (P) Ltd	Jointly controlled operations	India

B-9 The board of directors of the company vide resolution dated November 29, 2012 approved the scheme of merger between Hematic Motors Private Limited (HMPL) with Kirloskar Constructions and Engineers Limited (KCEL). Both the companies are 100% subsidiaries of Kirloskar Brothers Limited. The appointed date in terms of the scheme is April 01, 2012. The scheme has been approved by Honourable Bombay High Court and approval from Honourable Madras High Court is awaited. The effect of the scheme will be taken into consideration after approval from Honourable Madras High Court.

B-10 During the year, the company has acquired balance 10% shares in Braybar Pumps (Proprietary) Limited.

B-11 The figures have been regrouped / rearranged wherever necessary. Figures in brackets relate to previous year.

NOTES TO CONSOLIDATED ACCOUNTS : PART B (CONTD.)

B-12 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	24,124,364,689 (22,881,030,740)	1,827,043,385 (2,401,180,878)	- -	25,951,408,074 (25,282,211,618)
Inter Segment Revenue	- -	(257,273,495) (279,059,111)	(257,273,495) (279,059,111)	- -
Total Segment Revenue	24,124,364,689 (22,881,030,740)	1,569,769,891 (2,680,239,989)	(257,273,495) (279,059,111)	25,951,408,074 (25,282,211,618)
b) Segment Result	1,994,369,628 (1,984,406,168)	292,565,447 (391,328,758)	- -	2,286,935,074 (2,375,734,926)
Less :				
i) Finance Costs				545,069,305 (628,078,454)
ii) Unallocable Corporate expenditure (net of other income)				672,814,815 (1,341,251,836)
Add :				
i) Income from Investments				50,526,663 (345,863,090)
Total Profit Before Tax				1,119,577,617 (752,267,726)
Less : Provision for Tax				514,319,956 (298,951,247)
Less : Deferred Tax				(52,711,561) (52,916,871)
Net Profit				657,969,222 (506,233,350)
c) Segment Assets	16,361,524,120 (16,229,123,117)	2,428,742,288 (2,545,077,573)	- -	18,790,266,408 (18,774,200,690)
Unallocable Corporate Assets				5,219,036,795 (5,127,569,365)
Total				24,009,303,203 (23,901,770,055)
d) Segment Liabilities	9,652,296,214 (9,536,294,925)	1,047,419,549 (1,241,484,326)	- -	10,699,715,763 (10,777,779,251)
Unallocable Corporate Liabilities				595,005,550 (450,957,691)
Total				11,294,721,313 (11,228,736,942)
e) Cost Incurred during the period to acquire Segment Fixed Assets	930,076,200 (467,818,302)	73,158,147 (78,281,484)		
f) Depreciation / Amortisation/Impairment	339,957,811 (300,676,943)	73,128,911 (83,582,835)		
g) Non Cash Expenses other than Depreciation / Amortisation	90,615,718 (662,740,283)	2,289,479 (23,164,791)		

B) Secondary Segment -	Within India	Outside India	Total
a) Segment Revenue Geographic Segment by location of customer	18,445,074,850 (18,546,200,126)	7,506,333,224 (6,736,011,492)	25,951,408,074 (25,282,211,618)
b) Carrying Amount of Segment Assets by location of assets	19,561,866,270 (20,185,911,411)	4,447,436,933 (3,715,858,644)	24,009,303,203 (23,901,770,055)
c) Cost Incurred during the period to acquire Segment Fixed Assets	640,123,884 (376,363,774)	363,110,463 (169,736,012)	1,003,234,347 (546,099,786)



Enriching Lives

KIRLOSKAR BROTHERS LIMITED

Regd. Office: Udyog Bhavan, Tilak Road, Pune - 411 002, INDIA. Tel.: +91(20) 2444 0770

Fax: +91(20) 2444 0156 E-mail: kblin@kbl.co.in

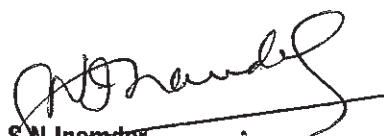
Website: www.kirloskarpumps.com

FORM A

1.	Name of the Company	Kirloskar Brothers Limited
2.	Annual Financial Statements for the year ended	March 31, 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable



Sanjay Kirloskar
Chairman & Managing Director



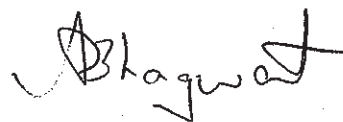
S.N. Inamdar
Audit Committee Chairman



Umesh Shastry
Chief Financial Officer



For M/s P.G. Bhagwat
Chartered Accountants



Abhijeet Bhagwat
Partner
Membership No.:136835



KIRLOSKAR BROTHERS LIMITED

Enriching Lives

Registered Office : Udyog Bhavan, Tilak Road, Pune - 411 002

NOTICE

NOTICE is hereby given that the 93rd Annual General Meeting of the Members of **KIRLOSKAR BROTHERS LIMITED** will be held at "Yamuna" Survey No.98 (3-7) Baner, Pune – 411 045 on Wednesday, the 24th day of July, 2013 at 11.00 a. m. to transact the following business :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013, Profit and Loss Statement for the year ended on that date, the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Vikram S. Kirloskar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. U. V. Rao, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mrs. Lalita D. Gupte who retires by rotation and being eligible, offers herself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

7. Mr. Alok Sanjay Kirloskar was co-opted by the Board of Directors as an Additional Director of the Company with effect from July 18, 2012, after 92nd Annual General Meeting. Under Article 166 of the Articles of Association of the Company, he holds the office of Director upto the date of this Annual General Meeting, but being eligible, offers himself for appointment. The Company has received a notice from a member in writing, as required under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Alok Sanjay Kirloskar.

By order of the Board of Directors
For **KIRLOSKAR BROTHERS LIMITED**

Sandeep Phadnis
Company Secretary

Pune : May 27, 2013

NOTES :

1. **A MEMBER OF THE COMPANY ENTITLED TO ATTEND AND VOTE AT THE SAID MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Pursuant to Section 173 of the Companies Act, 1956, explanatory statement in respect of Item No.7 above is annexed.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, July 20, 2013 to Wednesday, July 24, 2013 (Both days inclusive).
4. The payment of dividend, upon declaration by the members at the forthcoming Annual General Meeting will be made on or before August 8, 2013, to all those beneficial owners holding shares in electronic form, as per the ownership data made available to the Company by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as of end-of-the-day on Friday, July 19, 2013 and to all those members holding shares in physical form, after giving effect to all the valid share transfers lodged with the Company/Registrar and Transfer Agent i.e. Link Intime India Private Limited (R & T Agent), on or before the closing hours on Friday, July 19, 2013.
5. To avoid loss of dividend warrants in transit and delay in receipt of dividend warrants, the Company provides the facility of National Electronic Clearing Service (NECS) to all members holding shares in electronic and physical forms. This facility is available for the certain select cities.
Members who wish to avail the NECS facility are requested to inform their bank account details, in the prescribed form, with the R & T Agent on or before the closing hours on Friday, July 19, 2013.
6. Pursuant to Sections 205A & 205C of the Companies Act, 1956, any money transferred to the unpaid dividend account, which remains unpaid or unclaimed for a period of 7 years from the date of such transfer, shall be transferred by the Company to a fund called "Investor Education and Protection Fund" (IEPF), set up by the Central Government. Accordingly, the unclaimed dividend for the financial year 2004-05 and an interim Dividend for the financial year 2005-06, have been transferred to the IEPF. The unpaid/ unclaimed final dividend for the financial years 2005-06 onwards will become transferable at the end of seven years from the respective dates of transfer of such amount to the unclaimed dividend accounts of the Company to the said IEPF and no claims shall lie against the Fund or the Company in respect of individual amounts thereafter. The details of the same are given below :

Year	Type of dividend	Dividend in ₹ per share	Date of declaration	Due Date of transfer to the IEPF Account
2005 - 06	Final	2	21-Jul-06	August, 2013
2006 - 07	Interim	2	18-Jan-07	February, 2014
2006 - 07	Final	2	20-Jul-07	August, 2014
2007 - 08	Final	4	18-Jul-08	August, 2015
2008 - 09	Final	2	17-Jul-09	August, 2016
2009 - 10	Final	5.50	27-Jul-10	August, 2017
2010 - 11	Final	3.50	23-Jul-11	August, 2018
2011 - 12	Final	2	18-Jul-12	August, 2019

Members are, therefore, requested to check and send their claims, if any, for the relevant financial years from 2005-06 onwards before the respective amounts become due for transfer to the above Fund. The details of unclaimed dividend have been uploaded on Company website www.kirloskarpumps.com.

7. The documents relating to the item of Special Business are available for inspection by the members of the Company at its Registered Office between 11.00 a.m. to 1.00 p.m. on any working day of the Company.

8. In case members wish to ask for any information about accounts or operations of the Company, they are requested to send their queries in writing, at least 7 days before the date of the meeting so that the information can be made available at the time of the meeting.
9. Members of the Company and / or their proxies only will be allowed to attend the Annual General Meeting. Before entering the Meeting Hall, members and / or proxies are requested to sign the admission slip in the prescribed form and leave it at the counter.
Members are requested to bring their Folio No. / Client Id and DP Id for easy identification.
10. Since the Company's shares are in compulsory dematerialised trading, to ensure better investor service and elimination of risk of holding shares in physical form, it is suggested that the members holding shares in physical form to get their shares dematerialised at the earliest.
11. Members having multiple folios are requested to intimate to the Company / R & T Agent, such folios, to consolidate all shareholdings into one folio.
12. Members who hold shares in physical form are requested to advise the Company or R & T Agent immediately of any change in their addresses alongwith necessary proof for identity and change in residential address.
13. Members may note that pursuant to the capital reduction in terms of the Scheme of Arrangement, members holding original share certificate/s, desiring to continue to hold KBL new equity shares in the physical form, were issued new share certificates in lieu of the original KBL share certificate/s. Therefore, members are advised that they should deface the existing share certificates in order to safeguard their interests against any misuse; as such certificates would be null and void from the Record Date and can not be dealt with in the market.
14. The Company has appointed M/s. Link Intime India Private Limited as its Registrar and Transfer Agent. Therefore, all correspondence relating to transfer and transmission of shares, issue of duplicate share certificates, change of address, dematerialisation of shares, payment of dividend etc. will be attended to 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

As per the SEBI Circular dated May 20, 2009, it has been clarified that for securities market transactions and off-market / private transactions involving transfer of shares in physical form, it shall be mandatory for the transferee(s) to furnish copy of PAN Card to the Company / R & T Agent for registration of such transfer of shares, which investors please note.
15. As regards re-appointments of retiring directors viz. Mr. Vikram S. Kirloskar, Mr. U. V. Rao and Mrs. Lalita D. Gupte referred to in item Nos. 3, 4, and 5 of the notice, their respective shareholding in the Company is : Mr. Vikram S. Kirloskar – 70236 (0.09%), Mr. U. V. Rao – NIL (0.00%) and Mrs. Lalita D. Gupte – Nil (0.00%). Further, their respective brief resumes including shareholding have been given in the report on Corporate Governance, which forms part of the Directors' Report and members are advised to refer the same.

**By order of the Board of Directors
For KIRLOSKAR BROTHERS LIMITED**


**Sandeep Phadnis
Company Secretary**

Pune : May 27, 2013

ANNEXURE TO THE NOTICE OF 93rd ANNUAL GENERAL MEETING

Explanatory statement as required under section 173 of the Companies Act, 1956.

Item No. 7 of the Notice

Mr. Alok Sanjay Kirloskar was co-opted by the Board of Directors as an Additional Director of the Company with effect from July 18, 2012, after 92nd Annual General Meeting. Pursuant to Section 260 of the Companies Act, 1956, Mr. Alok Sanjay Kirloskar holds office upto the date of this Annual General Meeting. As required by Section 257 of the Companies Act, 1956, the Company has received a Notice along with deposit from a member proposing the candidature of Mr. Alok Sanjay Kirloskar for the office of Director of the Company.

Mr. Alok Sanjay Kirloskar is holding 6187 (0.008%) Equity Shares of ₹ 2/- of the Company.

A brief profile of Mr. Alok Sanjay Kirloskar is included in the Report of Corporate Governance attached to the Directors' Report.

The Board recommends the appointment of Mr. Alok Sanjay Kirloskar.

None of the Directors, except Mr. Sanjay Kirloskar, is concerned or interested in the said resolution.

**By order of the Board of Directors
For KIRLOSKAR BROTHERS LIMITED**



**Sandeep Phadnis
Company Secretary**

Pune : May 27, 2013



KIRLOSKAR BROTHERS LIMITED

Enriching Lives

Registered Office : Udyog Bhavan, Tilak Road, Pune - 411 002

Dear Shareholder,

Subject : Green Initiative - Registration of E-mail address

As you are aware, as a part of "Green Initiative in the Corporate Governance", the Ministry of Corporate Affairs had permitted the companies to serve the documents to the shareholders through the electronic mode.

In order to support this "Green Initiative", we have already started serving certain documents i.e. the Notice of the Annual General Meeting, Annual Report, Half yearly communication etc. to a few shareholders through the electronic mode at the e-mail address provided by them or obtained from the depositories from time to time. We wish to continue this initiative as a step forward towards protecting environment for all of us.

This initiative also helps in prompt receipt of communication and it would help to avoid the losses/delays in postal transit. We expect your absolute participation in the initiative and therefore, request you to register your e-mail address and / or changes therein from time to time:

- In case your shares are in demat mode - with the concerned Depository Participant (DP), by following related procedure as laid down by the concerned DP
- In case your shares are in physical mode - with the Company's Registrar and Transfer Agent at the following address :

Link Intime India Private Limited, Unit : Kirloskar Brothers Limited,
A Wing, Block No. 202, 2nd Floor, Akshay Complex, Near Ganesh Temple,
Off Dhole Patil Road, Pune - 411 001
E-mail address : kblgogreen@linkintime.co.in

In any case, on your specific request with detailed Name, Address, Folio/DPID/Client ID and signature, physical copies of above documents will be sent to you, free of cost.

We expect your whole-hearted support to this "Green Initiative" for its successful implementation.

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

Yours faithfully,

For **KIRLOSKAR BROTHERS LIMITED**


Sandeep Phadnis
Company Secretary

Pune : May 27, 2013

TEAR HERE

E-CUMMUNICATION REGISTRATION FORM

(For shares in physical mode)

Kirloskar Brothers Limited

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

Folio No. :

Name of the 1st Shareholder :

Name of Joint Shareholder/s :

E-mail ID (to be registered) :

PAN :

Phone No. :

Please register my above e-mail ID in your records for receiving communication through E-mail from Company of which I/we am/are shareholder(s).

Place :

Date :

Signature :

(First shareholder)



Enriching Lives

KIRLOSKAR BROTHERS LIMITED

Registered Office : Udyog Bhavan, Tilak Road, Pune - 411 002

Dear Shareholders,

Sub : Transport arrangements for Annual General Meeting to be held on July 24, 2013

As you are aware, the Annual General Meeting (AGM) of the Company is scheduled to be held on Wednesday, July 24, 2013 at 11.00 a.m. at our Corporate Office at "Yamuna", Survey No. 98 (3-7), Baner, Pune - 411 045.

The Corporate Office is situated about 20 kms. away from the Company's Registered Office at Udyog Bhavan, Tilak Road, Pune - 411 002.

In order to facilitate the shareholders to attend the said AGM, we have made special bus arrangements. This facility will be provided from the Registered Office at Udyog Bhavan to the Corporate Office and back to Udyog Bhavan after completion of meeting.

Shareholders who wish to avail this facility are requested to register their names before July 16, 2013 through letter or at following e-mail id/ phone :

E-mail Id : grievance.redressal@kbl.co.in Phone Nos. : (020) 2721 1029 / 30

On July 24, 2013, such shareholders should report at Udyog Bhavan alongwith this circular duly filled in and signed at 9.45 a.m. The bus would start at 10.00 a.m. sharp for Corporate Office.

Kindly note that only registered shareholders and proxies will be permitted to avail this facility. Entry to family members, children and/or friends of the shareholders/proxies will not be permitted.

Thanking you,

Yours faithfully,

For **KIRLOSKAR BROTHERS LIMITED**

Sandeep Phadnis
Company Secretary

Pune : May 27, 2013

(to be filled in and handed over, while boarding)

Name/s of shareholder/s/Proxy

Folio No./DP ID & Client ID

Signature/s

TEAR HERE

ATTENDANCE SLIP

KIRLOSKAR BROTHERS LIMITED

Registered Office :

Udyog Bhavan, Tilak Road, Pune - 411 002

DP. Id*	
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Client Id*	
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Reg. Folio No.	
----------------	--

*Applicable, if shares are held in electronic form

No. of Shares

**93rd Annual General Meeting on
July 24, 2013 at 11.00 a.m.**

Full name :

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

I hereby record my presence at the 93rd Annual General Meeting of the Company at "Yamuna", Survey No. 98 (3-7) Baner, Pune - 411 045 on Wednesday, the 24th day of July, 2013 at 11.00 a.m.

Member's / Proxy's Signature :

Member's / Proxy's full name :

(In Block Letters)

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

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

PROXY FORM

KIRLOSKAR BROTHERS LIMITED

Registered Office :

Udyog Bhavan, Tilak Road, Pune - 411 002

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

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

Reg. Folio No.	
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*Applicable, if shares are held in electronic form

No. of Shares

I/We
of in the district of
being Member/Members of Kirloskar Brothers Limited, Udyog Bhavan, Tilak Road, Pune - 411 002
do hereby appoint of in the
district of or failing him/her
..... of in the district of
..... as my/our proxy in my/our absence to attend and vote for me/us,
and on my/our behalf at the 93rd Annual General Meeting of the Company to be held at "Yamuna" Survey
No. 98 (3-7) Baner, Pune - 411045 on Wednesday, the 24th day of July, 2013 at 11.00 a. m. and at any
adjournment/s thereof.

Signed on this day of 2013.

Please affix

Signature

15 ps.
Revenue Stamp

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

TEAR HERE