



Enriching Lives

KIRLOSKAR OIL ENGINES LIMITED
ANNUAL REPORT 2010 - 2011



Solving complex engineering problems -
as simple as turning a page

EXPERTISE TO GIVE SIMPLE SOLUTIONS TO GREAT ENGINEERING CHALLENGES

It is our simple solutions to complex engineering problems that adhere us to our clients. Solutions that are borne on the strength of our expertise, skills and engineering ability. To explore more and more simple options. To take our clients, where no one else has been before. This journey has taken us to a INR 7,600 crore (US\$1.6 billion) engineering conglomerate today; with sincere belief in meeting the toughest of challenges with the best of our solutions. To deliver cost effective solutions that bring prosperity and smiles across the world.

What drives us today is not just world class products, but our commitment to meet bigger and tougher challenges. To make sure that our clients get their solutions in the quickest of times in the toughest of environments. Continuous improvements, proactive planning and strategic measures make us one of the greatest engineering solution providers of all times.

R AND HA SERIES ENGINES

The entire liquid-cooled range of Kirloskar R810, R1040, R1080 engines as well as air-cooled HA series engines are certified for BS-III emission norms applicable for commercial equipment vehicles(CEV) used in the off highway market.



6R1080TA LIQUID-COOLED DIESEL ENGINE

Kirloskar 6R1080TA BS-III emission compliant engine, suitable for 3-5 ton class Loader, Combine Harvester & Paver Finisher.



HA494T AIR-COOLED DIESEL ENGINE

Kirloskar HA494TBS-III emission compliant engine. Suitable for vibratory compactor.

Annual Report for the financial year ended on 31 March 2011

BOARD OF DIRECTORS

Atul C. Kirloskar	Chairman & Managing Director
Gautam A. Kulkarni	Joint Managing Director
Rahul C. Kirloskar	Whole - Time Director
Rajendra R. Deshpande	Executive Director
Nihal G. Kulkarni	
U.V. Rao	
Pratap G. Pawar	
Hemendra M. Kothari	
R. Srinivasan	
Dr. Naushad D. Forbes	
M. Laxminarayan	
Anil N. Alawani	
Dattatraya R. Swar	

[w.e.f. 11 March 2011]

CHIEF FINANCIAL OFFICER

Sanjay D. Parande

ASSISTANT COMPANY SECRETARY

Ms. Smita A. Raichurkar

AUDITORS

M/s Dalal & Shah, Chartered Accountants

BANKERS

State Bank of India
Bank of Maharashtra
HDFC Bank Limited
ICICI Bank Limited
The HSBC Limited

REGISTRAR & SHARE TRANSFER AGENT**Link Intime India Private Limited**

Block No. 202, 2nd Floor,
Akshay Complex, Near Ganesh Temple,
Off Dhole Patil Road, Pune 411 001

REGISTERED OFFICE

Laxmanrao Kirloskar Road, Khadki, Pune - 411 003

LOCATION OF FACTORIES

Pune, Nasik, Ahmednagar, Kagal, Rajkot and Silvassa

Information for shareholders

Annual General Meeting	
Date	: Thursday, 21 July 2011
Time	: 11.30 A.M.
Venue	: Hotel Le Meridien Raja Bahadur Mill Road, Pune - 411 001
Proposed Dividend	: 200% (Rs. 4 per share of Rs. 2 each)
Dates of Book Closure	: 14 July 2011 to 21 July 2011 (both days inclusive)

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Directors' Report

To the Members,

The Directors have the privilege of presenting the Second Annual Report of the Company for the year ended 31 March 2011.

LISTING OF COMPANY'S SHARES POST DEMERGER

After the scheme of arrangement for Demerger became effective on 31 March 2011, the Company filed an application with Bombay Stock Exchange Limited (BSE), Mumbai and National Stock Exchange of India Limited, (NSE) Mumbai for listing of 145,629,285 equity shares of Rs. 2/- each on 15 June 2010. After completing the necessary formalities, equity shares of the Company were permitted for listing and trading on BSE and NSE with effect from 24 December 2010.

Pursuant to the said Scheme, the fractional entitlements arising out of the issue of shares under the said Scheme were consolidated into 5,915 equity shares of Rs. 2 each. These shares were sold in the open market at an average price of Rs. 147.19. The Company is in the process of distributing the net sale proceeds (after deduction of the expenses incurred) to the members respectively entitled to the same in proportion to their fractional entitlements, as far as practicable along with the final dividend received on the said consolidated equity shares, for the period ended 31 March 2010.

FINANCIAL PERFORMANCE

(Rupees in 000's)

	2010-11	2009-10
Total Income	24,353,735	22,691,722
Total Expenditure	21,877,039	20,057,176
Profit before exceptional items & taxation	2,476,696	2,634,546
Exceptional (Income) / Expenses	37,253	Nil
Profit before taxation	2,439,443	2,634,546
Provision for tax (including Deferred Tax)	702,141	994,419
Net Profit	1,737,302	1,640,127
Surplus (After other adjustments)	2,534,148	1,640,127

Appropriations

Your Directors propose to appropriate the available surplus as follows:

(Rupees in 000's)

Particulars	2010-11	2009-10
Proposed Dividend	582,519	582,519
Corporate Tax on dividend	94,499	96,749
Transfer to General Reserve	173,800	164,013
Balance carried to Balance Sheet	1,683,330	796,846

Dividend

The Directors recommend a dividend of 200% (Rs.4/- per share) for the year.

WORLD ECONOMY

RBI has projected growth of global economy of 4.4% for the calendar year 2011 and 4.5% for 2012. The rising commodity prices and inflationary pressures would be the cause of concern for emerging and developing economies. It has also projected more than 30% rise in global crude oil prices during the calendar year 2011. This is a key downside risk to the growth of the global economy. Sovereign balance sheet risks in the Euro zone and dormant real estate markets have also been cited as downside risks to growth in advanced economies.

INDIAN ECONOMY

The Indian Economy continued to outperform most emerging markets during the year under review, retaining its position as the second fastest growing economy, after China, amongst the G-20 countries. The real GDP growth rate is estimated at 8.6%. The main impetus to the growth came from agriculture (growth of 5.7% as against 0.2% for the previous financial year) which benefitted from a normal monsoon, while industry (growth of 8.7% as against 6.4% for the previous financial year) and services (growth of 9.3% against 9.5% for the previous financial year) registered mild deceleration. The focus of the Indian Government during the current financial year will be towards infrastructure development as reflected in increased allocation of 48.5% of total plan allocation as against 23.3% for previous year. The Government also proposes to boost the share of manufacturing in economy from 16% to 25% over the next 10 years.

MANAGEMENT DISCUSSION & ANALYSIS

The operations of the Company comprise of Engines and Bearings business and operational performance review is carried out separately for these segments.

Industry Overview

While global economies are still recovering, Indian economy has comparatively shown a faster recovery. In the year under review, the Indian export sector has shown a growth of approx 50% in volume terms and 37% in value terms over the previous financial year. The engineering sector has significantly contributed to the growth in exports.

Growth of investment in agriculture and industries such as retail, hospitality, hospitals, IT, banking and infrastructure is evident in the current financial year. This generated a good demand for our engines, pump sets and generating sets. However due to continual increase in prices of crude oil, customers could also prefer alternate fuels for engines.

The growth of telecom Industry in India peaked in 2008-09. This was followed by a period during which the telecom companies separated the activity of telecom towers management into a separate business. The previous financial year saw consolidation of the tower management businesses. As a result of the consolidation, saturation of telecom density in the urban areas and less than expected growth in the rural areas, the demand for generating sets went down considerably. Other than the telecom industry, demand for generating sets for power generation has shown a steady growth. The competition for generating sets below 30kVA range has further intensified during the year under review.

Company Performance

During the year under review, your Company achieved sales of Rs. 2,363 Crs. (Previous Year Rs. 2,219 Crs.) resulting in increase in sales by 6.5 % over previous year.

The profit before tax is at Rs. 244 Crs. (Previous Year Rs. 263 Crs.) after providing for depreciation of Rs. 85 Crs. (Previous Year Rs. 84 Crs.)

Business wise analysis is presented below:

BUSINESS WISE OPERATIONAL PERFORMANCE

Your Company caters to the diverse needs of the customers from all the three sectors of economy namely Agriculture, Industrial and Services.

A. ENGINE BUSINESS

1. Agriculture & Off Highway Engine Business

While agriculture sector grew by 5.4% due to progressive governmental policies during the year under review, the Indian agriculture market for engines below 20HP shrunk by 15% in numbers, due to the delay in onset of monsoon and monsoon continuing through the sowing period. The market share was enhanced in the agriculture segment from 17% to 21% despite the drop in total market volume. A total of more than 76,000 engines were sold in the Agricultural market, out of which 30,000 were portable pump sets which were launched in the year 2008, despite facing competition from cheaper Indian and Chinese alternatives. High head portable pump sets were introduced for the agriculture market.

The growth of India's construction equipment industry is directly linked to the growth of the country's economy, since it is driven by increased investments in the infrastructure and related sectors. Construction equipment industry (primarily comprising of backhoe, crane and excavators etc., used in the Off Highway segment) has shown a growth of 20% during the year under review. In the Off Highway Market, the Company grew by 21% driven by robust domestic demand. Besides this, bulk supplies were started to new customers acquired in the previous financial year. Such supplies accounted for 10% of the total supply to the Off Highway Markets. The proactive measures resulted in enhancing its market share in the domestic market.

Your Company successfully geared up for the BS-III emission norms now applicable for Construction Equipment Vehicles [CEV], by migrating over 55 applications from BS-II to BS-III.

Overseas agriculture & Off Highway market also experienced revival in demand; especially in the West Asia & African markets. During the year under review, acquisition of a major OEM customer in South African mining market strengthened our market position. Internationally, Agriculture & Off Highway markets recovered during the year under review. The marketing strategy will address the demand in the focus markets and will also enable the Company and its business partners to tap the potential business in this market.

2. Power Generation Engine Business

The power generation business of the Company addresses the telecom and other industrial segments such as retail, banking, IT and telecom markets. During the year under review the domestic power generation market, except the telecom segment, experienced a revival in demand. Overall market, other than the telecom segment, grew by around 15%.

Your Company continuously innovates to bring down the life cycle cost of the products thereby providing value for money to our customers. The newly designed DV series of engines in the range of 320 kVA to 625 kVA were successfully launched in the domestic market. Our Research & Development is working on extending the range to 750 kVA.

New products were developed in the range of up to 160 kVA, which run on alternate energy sources like natural gas and bio gas.

The global economic meltdown seems to be easing up in the overseas markets served by the Company. Increased efforts in the overseas markets in the industrial segments resulted in acquisition of new customers, in Africa, Middle-East & South East Asia and the Indian sub continent. Company has increased its presence in key geographical locations in countries such as UAE, Nigeria, South Africa & Kenya.

3. Customer Support Business

Your Company has a widespread network of trained service dealers and well equipped service outlets all over India. The network enables us to respond to customer calls upto 50 km range within 4 hours and beyond 50 km range within 8 hours.

Growth was achieved in Agriculture Spares segment by increasing the number of parts distributors and increasing focus on availability of parts.

New initiatives and constant up-gradation of systems and procedures helped the Company in securing customer confidence and also gaining over 21% growth in spare parts sale over the previous year and also additional revenue generation through annual maintenance contracts with cellular operators as well as domestic customers.

4. Large Engine Business

During the year under review, engines were supplied for main propulsion application and for stationary power plant application. In the stationary power plant market segment, high fuel oil prices adversely affected new orders as well as operations of existing engines installed with the customers.

Commissioning of previously supplied engines on the naval vessel frigates built at Mazagaon docks was successful. Four generating sets, each of 3.6 MW rating, are successfully installed at the Kalpakkam Nuclear Power Plant, which are awaiting final commissioning.

5. Kagal Plant

During the year under review, in the fourth year of operation, the production of engines increased by 53% and production of generating sets increased by 15% over the previous year.

Generating sets of 400 kVA and 500 kVA using the new DV series engines were successfully manufactured.

15 Nos. of 500 kVA generating sets were supplied by our OEMs for powering the opening and closing ceremonies of the Common Wealth games at New Delhi.

Company successfully added 46 engine application codes to fulfill the needs of the Customers in Off Highway and Power Generation businesses.

2600 rpm portable pump sets were successfully manufactured within the existing set up.

Productivity improvements and measures for increasing flexibility in manufacturing processes were introduced to meet the fluctuating market demands.

6. Pune Plant

During the year under review, your Company has renovated and upgraded its manufacturing facilities. The plant renovation activity was completed successfully without affecting deliveries to customers. Due to this renovation, improvement is expected in labour and plant productivity.

The plant undertook proto, pilot and production batch proving of DV series of Engines. The Pune plant provided 106 new application codes including proto and pilot of BS-III compliant R1040, 4R810, 6R1080 and HA medium Engines. SL90 Engines with FM & UL certification were successfully handed over for commercial production.

During the year under review, 12 innovative low cost automation projects were completed and the plant achieved more than 8500 nos. of Kaizens.

The Quality circle from Pune plant was selected for excellent category in Quality Circle Contest at National level. It also bagged Silver trophy at international Quality Circle contest.

7. Rajkot Plant

During the year under review, the manufacturing capacity for engines was increased to 10,000 engines/ month.

The plant achieved BIS certification for 5HP to 8HP engines with N-series pumps

B. BEARINGS BUSINESS

The automobile industry continued to be buoyant and provided opportunities for growth in the business. During the year under review, the automobile sector grew at an average of 9%. The sales of the bearings division for the year under review amounted to Rs. 123 Crores, an increase of 15% over the previous year.

Market share increased to 36% of the OEM market and to 41% in the aftermarket. The after-market segment has grown significantly due to increase in vehicle population.

The Company has made adequate investment in technology, infrastructure and quality, which will enhance customer satisfaction.

C. RESEARCH AND ENGINEERING**1. New Products and Product Development**

Your Company strives to fill the product gaps by continuously developing new products and upgrading existing products. The solutions are being constantly optimized to minimize inputs and maximize outputs.

The Company has successfully launched K-1080 engine covering 140 to 160 kVA.

Two models of DV range are successfully handed over for commercial production to cover product ranges from 320 kVA to 625 kVA. Variants with speed of 1800 rpm are also under development.

New variant of portable pump set at 2600 rpm handed over to production to meet higher head requirements.

New applications have been developed for R-810 series engines which have been introduced in production.

An investment of more than Rs. 20 Crores was made in upgrading Research and Development facilities in view of upcoming stringent emission norms.

2. Emission

BS-III norms for construction equipment are effective from 1st April 2011. The company has developed cost effective and user-friendly solution and all the engines have been certified for these norms and proto samples were supplied to customers.

3. Alternate Fuels

During the year under review, the Company has developed CNG Generating sets up to 160kVA which have been successfully installed at different sites.

Company is actively pursuing the development of engines with bio-fuels like bio-gas and straight vegetable oils (SVO) in the range below 20HP.

D. INDUSTRIAL RELATIONS

The Company continues to maintain and improve its healthy and harmonious Industrial Relations.

Kirloskar Oil Engines Limited was selected jointly by Maratha Chamber of Commerce, Industries and Agriculture (MCCIA) and Rotary Club of Poona West, for their newly introduced "BEST EMPLOYEES RESPONSE AWARD" in large industry category, Pune.

Your Company's achievement of signing the 6th consecutive wage settlement in time and without losing even a single production man day in last 50 years (Considering Pre and Post Demerger period) was recognized by a major publication. This is a unique achievement for any manufacturing company in India.

Our Employees' health is of prime importance to the Company. Medical check-up of employees is carried out regularly. Company regularly conducts lectures on health, fitness, common ailments and diseases and life style improvement with a view to enhance employee awareness.

Development of employees is an important focus area for the company. Employees are encouraged to participate in programmes such as Out-Bound Training, team building, and also various sporting and cultural activities within and outside the Company.

E. ENVIRONMENT, OCCUPATIONAL HEALTH & SAFETY (EHS)

Environment

The Company continues to be recognized for its commitment towards the environment.

- Pune plant is certified for EMS, ISO 14001: 2004 (Environmental Management System), an international certification standard, since 1999.
- Pune plant is certified for OHSAS-18001:2007 (Occupational Health & Safety Management System), an international certification standard, since 2009.
- Kagal plant is certified for EMS, ISO 14001:2004 (Environmental) & OHSAS-18001:2007 (Occupational Health & Safety Management System) Integrated Management System, since 2009.
- At Kagal 2033 trees have been planted to protect the environment
- Nashik Plant is certified for EMS, ISO 14001:2004 (Environmental) & OHSAS-18001:2007 (Occupational Health & Safety Management System) Integrated Management System in Jan, 2010.
- A'Nagar Plant is certified for EMS, ISO 14001:2004 (Environmental) & OHSAS-18001:2007 (Occupational Health & Safety Management System) Integrated Management System in Jun, 2010.
- Implementation of Environmental (EMS) & OHSAS (Occupational Health & Safety Management System) is in process at Rajkot Plant.

EHS Improvements

Your Company's maiden Corporate Sustainability report for the year 2009-10, was released in the public domain on 7th March 2011. Kirloskar Oil Engines Limited is the first engine manufacturing company in India, to release this report and receive highest level check certification of A+ from Global Reporting Initiative (GRI), Netherlands. This rating testifies your Company's position as an environmentally conscious company, integrating business principles with sustainable development.

Kirloskar Oil Engines Limited has been honored with Parivartan Leadership Award for Sustainability-2011 in automotive sector. This award, organized by India Carbon Outlook, seeks to recognize Indian companies who have embraced sustainability in their business operations and supply chain. These companies have shown leadership by taking initiatives for making their products, processes and facilities sustainable.

In the year under review, following EHS improvement measures were implemented.

- Upgradation of paint booth in Pune plant to eliminate air and land pollution due to paint dust
- Systematic disposal of waste Glass wool (2.9 MT) & used Asbestos sheets (190 MT)
- Installation of transparent roof sheets for enhanced illumination level & use of natural day light in R-HA Machine shop & Tech Center.
- Installation of turbo vents for improved ventilation in Pune Plant.
- Initiated detailed study on Carbon foot print for all the plants

Based on the finding of Electrical Safety Audits conducted by National Safety Council (NSC) at Pune, Kagal, Nashik & Rajkot plants, detailed action plan is under implementation.

Following measures were taken to increase awareness amongst employees on EHS:

- a) Various competitions were conducted
- b) Experts' lectures and seminars arranged on Energy Conservation (ENCON), EHS at all locations
- c) Environment Day celebration (No Vehicle Day)

F. HUMAN RESOURCES

During the year, a number of initiatives were taken in the area of human resource development.

The Company conducts Employee Engagement Survey through Gallup India every year. The Gallup Survey for the year 2011 was conducted in January 2011. The findings of the survey are used to develop the concrete action plan for increasing employee engagement.

The Performance Management System for managers was reframed and implemented. Job Evaluation exercise was initiated to create a role based level matrix in senior management grades. With a view to develop future leadership pool, 20 managers were nominated for Leadership Development Programme, jointly developed with leading management institute. Similarly, Middle Management Development Programme was initiated in collaboration with Kirloskar Institute of Advanced Management Studies.

As a part of the Company's effort to improve skill and competency levels of managers, specially designed need based training programmes were conducted in various functional areas.

G. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company firmly believes in contributing to the well being of society through its CSR initiatives in the surrounding communities with a clear focus on Health, Education, Environment and Livelihood at all plant locations.

- Sponsored education of children from Akanksha Foundation
- Computer Literacy Program for children
- Career Guidance Workshops for students
- Health Awareness Program like De-Addiction, HIV/Aids Awareness, Healthy Diet
- Celebrated "Joy of Giving" Week
- Free Health Check up Camps
- Tree Plantation
- PUC Check up camps
- Environment Fair at Community
- ENCON Initiatives
- Workshops on income Generation for Self Help Groups
- Livelihood Advanced Business School Training programmes through CII YI group & Dr.Reddy's Foundation

H. COST CONTROL

Cost control and cost reduction measures continued to be focus area. This has helped the Company in partly offsetting Inflationary pressures. Value Engineering, Value Analysis and Process Re-engineering were the major initiatives undertaken. Effective control on the costs across the supply chain has helped the Company to optimize the material cost.

I. QUALITY ASSURANCE

Several key processes were strengthened and also undertaken several initiatives like “Six sigma programs which are being pursued as a part of continuous improvement process were undertaken. The Company has 139 Green belt holders and 50 certified Black belt holders in the year under review.

Supplier Quality improvement is a focus area for the Company. Towards this end, the concept of 'Quality Capacity' was emphasized throughout the Company's supply base and also during the Annual Supplier Conference.

The Company provides training to suppliers on quality tools like “Six Sigma” through six sigma black belt internal trainers certified by CII. The Initiatives like Supplier Quality Task Force were implemented. As a result of the efforts put in, the trend for supplier quality performance, measured in terms of defective parts per million (PPM) is showing continuous improvements.

For the last few years Supplier Quality Contest has been conducted. This provides recognition for the efforts put in by suppliers in continuous improvement activities as well as in sharing best practices among supplier partners. The number of customer complaints has reduced by more than 20% for almost the entire product range.

J. BUSINESS EXCELLENCE

For the second consecutive time, your Company has received the Commendation Certificate from CII EXIM for Strong Commitment to Excel. In the pursuit of organisation excellence, this award is a testament to the efforts & commitment of our employees to attain world class performance.

CONCERNS & THREATS

With the growth momentum in the domestic market, India is an attractive market for most of the Global players in generating sets business. Entry of low cost manufacturers in the lower end of the market has led to a fierce price competition and entry of global players in the higher range has generated intense competition in that segment. This is likely to put pressure on the margins of the products in the short and medium term.

The demand for generating sets from the telecom markets is expected to remain sluggish during the current financial year.

In order to overcome market challenges Company is focusing on expanding the business in overseas markets and in new product segments like alternate fuel engines, defense, marine auxiliary generating sets etc.

The pump-sets manufactured by your Company have a better performance and lower cost of ownership than the competition. Availability of Government subsidies for diesel pump-sets in some of the Indian Agricultural Markets is critical and can impact the demand for these products. The competitive pressures in the Agricultural Market are on the rise and as a result, margins for these products will be under pressure. Company continues to work towards mitigating this threat through several cost control measures.

The inflationary trend which started in the last quarter of the year under review, especially in the Metals Market, is showing no signs of softening. Further due to tightening of the credit policy by RBI, money flow in the retail market is getting restricted. As a result, the demand for the Off Highway equipments is anticipated to taper down in the short term. We will continue to monitor the emerging scenario, pick-up the early warning signals and update business plans.

Several Global Players in the Off Highway markets have set up their operations in India. Thus the competitive landscape in the Equipment Market is rapidly changing, as the new entrants are attempting to maximize their share of Indian Market.

Your Company has acquired New Customers and developed new applications for its products during the year under review and will continue to design appropriate market strategies.

Effective from 1 April 2011, the emission norms applicable for Commercial Equipment Vehicles [CEV] have changed from BS-II to BS-III. If the component industry is unable to ramp up its supplies commensurate with demand, Company may lose market opportunities in the short term.

Auto Majors will continue to aggressively book the plant capacity of Suppliers. As such, Company will proactively work towards enhancing Supplier capacities and capabilities.

PROSPECTS FOR THE CURRENT YEAR

For the current financial year 2011-12, your Company has a cautious outlook on the economy, considering the anticipated rise in crude oil prices, inflationary pressures in the economy and the rising interest rates.

Government of India continues to put great emphasis on infrastructure especially the urban infrastructure as well as national highways, by enhancing budgetary allocation as well as setting up of lending mechanism.

Several necessary steps to meet the requirements of regulatory change from BS II to BS III emission norms in the off highway sector have been taken.

In the Power Generation segment, the demand and supply gap for power and improvement in lifestyle will continue to drive the business. The power deficit will continue to drive the demand. The deficit is expected to be around 10% during the current financial year. This deficit, along with the growth in service and manufacturing sector is expected to trigger growth for generating sets business during the current financial year. Besides conventional power generation, Government of India has announced setting up of new Nuclear Power Plants. Your Company has already taken lead by successfully supplying large Gensets to Kalpakkam Nuclear Power Plant. Sale of newly introduced DV range of generating sets has picked up and is expected to do better. With the projected 8-9% GDP growth, the Company expects to achieve growth of turnover in the range of 15% to 20%.

CAUTIONARY STATEMENT

Statements in this Report, particularly those which relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

INTERNAL CONTROLS SYSTEMS AND THEIR ADEQUACY

Internal Audit across the organization is carried out by a renowned auditing firm as per the plan approved by the Audit Committee. Senior Management of the Company reviews the internal audit reports regularly and the major findings of the audit report along with the action plan are discussed with the Audit Committee. Internal Controls related to key business processes are validated during the course of audit. During the year, ERP implementation review in respect of various business processes was also carried out.

LISTING FEES

The annual listing fees for the year under review have been paid to Bombay Stock Exchange Limited, Mumbai and National Stock Exchange of India Limited, Mumbai where your Company's shares are listed.

DIRECTORS

Pratap G. Pawar, Dr. Naushad D. Forbes, Anil A. Alawani and Nihal G. Kulkarni retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Pursuant to Section 260 of the Companies Act, 1956, read with Article 160 of the Articles of Association of the Company, the Board of Directors, in its meeting held on 11 March 2011, co-opted Dattatraya R. Swar as an Additional Director on the Board of the Company. He holds office of Director up to date of ensuing the Annual General Meeting of the Company. He is eligible for appointment.

The Board of Directors has re-appointed Rahul C. Kirloskar as the Whole-time Director of the Company on 13 May 2011, for a period of 5 years with effect from 5 June 2011. A proposal for his appointment as the Whole-time Director and remuneration payable to him is being placed before the Members of the Company for their approval at the Annual General Meeting.

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- That in the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanation relating to material departures;
- That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- That the Directors have taken proper and sufficient care 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
- That the Directors have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

A report of the Corporate Governance, along with the certificate of compliance from the Auditors, forms part of this report.

AUDITORS

The Statutory Audit of the accounts of the Company is currently carried out by M/s. Dalal & Shah, Chartered Accounts, Mumbai (Firm Registration No. 102021W).

You are requested to appoint M/s. P. G. Bhagwat, Chartered Accountants, Pune (Firm Registration Number 101118W) in respect of whom the Company has received a Special Notice pursuant to Section 190 and 225 of the Companies Act, 1956, to hold office as such from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.

The requisite certificate pursuant to Section 224 (1-B) of the Companies Act, 1956 has been received from M/s. P. G. Bhagwat, Chartered Accountants, Pune.

STATUTORY DISCLOSURES

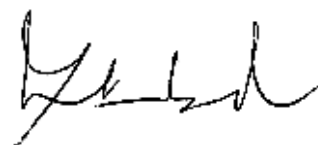
The information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo as required under section 217(1)(e) of the Companies Act, 1956 read with the rules there under is given in Annexure A forming part of this report.

As required under section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, a statement giving the required information relating to the employees covered there under is given in Annexure to this report. As per the provisions of section 219(1) (b) (IV) of the said Act, these particulars will be made available to any shareholders on request.

ACKNOWLEDGEMENTS

Your Directors would like to place on record their appreciation of the contribution made and support provided to the company by the shareholders, employees, bankers, suppliers and customers during the period under report.

For and on behalf of the Board of Directors



ATUL C. KIRLOSKAR
Chairman and Managing Director

Date: 13 May 2011
Place: Pune

ANNEXURE A TO THE DIRECTORS' REPORT

A. Conservation of Energy

Company is committed for achieving optimum use of energy in operations and bringing about energy efficiency in processes and products through energy efficient & renewable energy technologies.

Company has also been honored with the prestigious '**11th National Award for Excellence in Energy Management 2010**' by the Confederation of Indian Industries (CII). The objective of the Award Scheme is to recognize "Excellence" in Energy Management in industries and facilitate sharing of information by energy efficient companies. The Company's unit at Pune has been identified as Excellent Energy Efficient unit amongst the participants.

In the year under review, the following major energy conservation activities were carried out at various manufacturing plants:

■ Pune Plant

1. Utilization of maximum natural day light by installation of transparent sheets & light pipes
2. Installation of compressed air consumption monitoring system with individual flow meters for each shop
3. Replacement of sodium vapor lamps by new generation LED street lights
4. Installation of new generation T-5 lamps by replacing old & inefficient mercury vapour & metal halide lamps
5. Replacement of old & inefficient welding machines by new inverter base welding machines.
6. Installation of wind driven turbo ventilators to reduce the energy consumption of air circulators.
7. Replacement of old & inefficient compressed air piping by energy efficient & zero air leakage piping system.
8. Celebration of National Energy Conservation Week to horizontally accelerate the ENCON awareness mission at all locations.
9. Twenty ENCON Projects were successfully completed resulting in savings in Power cost.
10. The plant also won the National level award at Energy summit arranged by CII at Chennai.

■ Kagal Plant

1. Installation of wind driven turbo ventilators and polycarbonate transparent sheets for improving the daylight and energy conservation.
2. Replacement of Centrifugal Compressor Intercooler to improve the efficiency.
3. Installation of variable frequency drives for higher size motors
4. Installation of variable frequency drives for screw compressor.
5. Installation of energy efficient fan less cooling towers
6. Use of regenerative testing panels for Genset testing.

■ Ahmednagar Plant

1. Installation of wind driven turbo ventilators and polycarbonate transparent sheets for improving the daylight and energy conservation.
2. Replacement of old & inefficient reciprocating compressor with energy efficient screw compressor.
3. Modification of ammonia cracking furnace to improve energy efficiency.
4. Re-insulation of holding & melting furnaces to reduce the radiation losses
5. Use of Energy Efficient Air Gun for Cleaning Operations.

■ Nashik Plant

1. Utilization of maximum natural day light by installation of transparent sheets & light pipe.
2. Use of Welding machine energy saver for welding sets
3. Installation of star rated air conditioners by replacing old & inefficient systems.

■ Rajkot Plant

1. Reduced the plant contract demand from 675 kVA to 475 kVA
2. Installation of auto timer panel for Painting section for Air Ventilation System.
3. Improvement in Power Factor by installation of Capacitor Bank

4. Installation of wind driven turbo ventilators and polycarbonate transparent sheets for improving the daylight and energy conservation.
5. Use of LED & solar street lights at security gate.

B Technology Absorption

A. Research and Development (R & D)

- i) Specific areas in which R&D carried out in the company:
 - Development, certification by FM/UL for three models – 19 ratings
 - Development, certification by IRS of 3 ratings of one model
 - 2 new models for tractor and industrial applications
- ii) Benefit derived as a result of above R&D:
 - New market segment of fire fighting pump sets in higher power segment
 - New market segment of stand by generating sets for Marine / Navy applications
 - New market coverage for Agro-industrial segment
- iii) Future action plan:
 - Develop new technologies for cost effective emission upgradation
 - Value engineering through upgradation of current product facilities
- iv) Expenditure on R&D:

Rs. In 000's

Sr. No.	Particulars	2010-11	2009-10
1	Revenue Expenditure	205,386	179,897
2	Capital Expenditure	279,998	30,726
3	Total R & D expenditure	485,384	210,622
4	Total R&D expenditure as % to sales	2.1%	0.9%

B. Technology absorption, adaptation and Innovation

i. Efforts made towards technology absorption, adaptation and innovation

The Demerged Company had entered into an agreement for transfer of technology with M/s Dresser Waukesha. Subsequently, General Electric (GE) has acquired Waukesha and your Company is awaiting confirmation from GE before proceeding further on technology absorption.

Apart from the above, the Company has invested in research and development efforts and is closely working with its supplier and customers to implement design improvements and value engineering of the existing products to meet the customer and regulatory requirements.

ii. Benefits derived as a result of above efforts, product improvement, cost reduction, product development, import substitution etc.

- a) Off-Highway engines are now ready for BS III emission norms. Company is working for the clearance of proto types at all customers followed by pilot batch engines.
- b) DV Series engines are in commercial production. All the components are sourced from India, whereby there is no import content. The up rating of HP / Cylinder pressure in DV Series engines is being done to further extend this range.

iii. Technology imported during the last 5 years

Prior to the Demerger, the Demerged Company had entered into an agreement with M/s Dresser Waukesha for import of technology.

C. Foreign Exchange Earnings And Outgo**a. Activities undertaken to increase exports, development of new export markets and export plans**

The global economic meltdown seems to be easing up in the overseas markets served by the Company.

In Agriculture and Off Highway business, Company continued its strategy to focus on identified markets, especially in the regions of South Africa and East Africa. This focus resulted in growth of over 40% in the East African and 60% in the South African market.

The Company has undertaken brand promotion campaigns by participating in various prestigious international engineering exhibitions and trade fairs. The Company focused on generating awareness and availability of products through news and advertisements in trade magazines published in Africa and Middle East.

During the year under review, the Company has increased its efforts in the power generation segments in the target export markets such as Africa, Middle-East & South East Asia and the Indian sub continent. Your company has increased its presence in key geographical locations in countries such as UAE, Nigeria, South Africa & Kenya. Successful user trials of the Company's products for telecom sector, is paving the way for developing business with telecom customers in the overseas markets.

b. Total Foreign Exchange used and earned**Rs. In 000's**

Total Foreign Exchange Used & Earned	2010-11	2009-10
Used	1,461,784	1,887,545
Earned	1,463,052	1,097,846

Report on Corporate Governance

Company's philosophy on Code of Corporate Governance

The Company firmly believes that the business is built on ethical values and principles of transparency. Good Governance is an essential ingredient of any business. The Company's philosophy of good Corporate Governance aims at establishing a system which will assist the management to fulfill its corporate objectives as well as to serve the best interest of the stakeholders at large viz. Shareholders, Customers, Employees, Environment, Society, Suppliers, Lenders etc.

A. BOARD OF DIRECTORS

■ Composition of the Board

During the financial year under review the strength of the Board was 13 directors, comprising of 4 Executive Directors, including the Chairman and 9 Non-Executive Directors. 8 out of 13 Directors were Independent Directors, which duly complies with the requirement of Clause 49 of the Listing Agreement.

■ Number of Board Meetings, Director's attendance record, Directorships and committee positions

During the financial year under review, 7 Board meetings were held on 14 May 2010, 9 July 2010, 26 July 2010, 21 October 2010, 15 December 2010, 21 January 2011 and 11 March 2011. The information on composition and category of the Board of Directors as on 31 March 2011, attendance of each director at Board meetings held during the financial year ended 31 March 2011, directorships and Committee positions in other public companies of which the director is a Member/ Chairman and the shareholding of Non-Executive Directors is as follows:

Sr. No.	Name of Director	No. of Directorships in other Public Ltd. Cos.	No. of Committee positions held in other Public Ltd. Cos. ***		Attendance at meetings		No. of shares held by Non-Executive Directors
			Chairman	Member	BM	AGM	
	Executive Directors						
1	Atul C. Kirloskar *	6	1	-	7	Present	NA
2	Gautam A. Kulkarni *	2	-	1	6	Present	NA
3	Rahul C. Kirloskar *	5	-	1	7	Present	NA
4	Rajendra R. Deshpande	2	-	-	6	Present	NA
	Non-Executive and Non Independent Director						
5	Nihal G. Kulkarni *	4	-	5	7	Present	-
	Non-Executive and Independent Directors						
6	U. V. Rao	2	1	1	7	Present	-
7	Pratap G. Pawar	6	-	2	6	Present	5,355
8	Hemendra M. Kothari	2	-	-	4	Absent	34,995
9	R. Srinivasan	11	3	4	7	Present	3,750
10	Dr. Naushad D. Forbes	2	-	-	5	Present	9,000
11	M. Lakshminarayan	3	-	2	4	Absent	-
12	Anil N. Alawani	6	3	3	7	Present	34,282
13	Dattatraya R. Swar **	4	1	-	1	NA	5,700

Notes:

* Deemed as Promoters within the meaning of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997.

** Appointed as Additional Director with effect from 11 March 2011.

*** Includes Audit and Investors' Grievance/ Investors' Grievance cum Share transfer Committee of the Public Limited Company

Atul C. Kirloskar and Rahul C. Kirloskar, being brothers, are related to each other. Gautam A. Kulkarni and Nihal G. Kulkarni, being father and son, are related to each other. None of the other Directors is related to any other Director of the Company within the meaning of Section 6 of the Companies Act, 1956.

■ **Information provided to the Board**

Among others, this includes:

1. Review of Annual operating plans of business, capital budgets, updates;
2. Quarterly results of the Company and its operating divisions or business segments;
3. Materially important show cause, demand, prosecution and penalty notices;
4. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
5. Any material relevant default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company;
6. Any issue, which involves possible public or product liability claims of substantial nature;
7. Details of any joint venture or collaboration agreement;
8. Significant labour problems and their proposed solutions;
9. Significant development in human resources and industrial relation fronts;
10. Non-compliance of any regulatory, statutory provision or listing requirements as well as shareholders service such as non-payment of dividend and delay in share transfer
11. Information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer or Company Secretary

B. BOARD COMMITTEES

Currently Board has two committees viz. Audit Committee and Share Transfer cum Shareholders' / Investors' Grievance Committee.

1. Audit Committee

The Audit Committee comprises of four Non-Executive Directors, majority of who are Independent. The Assistant Company Secretary acts as the Secretary of the Committee. The Executive Directors and the Chief Financial Officer attend the Audit Committee meetings. The representatives of the Internal Auditors, Statutory Auditors, Cost Auditors and Business Unit/ Operations Heads are invited to the meetings.

During the financial year under review, 6 meetings of the Committee were held on 14 May 2010, 26 July 2010, 18 August 2010, 21 October 2010, 15 December 2010 and 21 January 2011. The composition of the Committee and attendance at its meetings is given below:

Sr. No.	Name of the Member Director	Category	No. of meetings attended
1	U. V. Rao (Chairman)	Non Executive Independent	6
2	Pratap G. Pawar	Non Executive Independent	5
3	R. Srinivasan	Non Executive Independent	6
4	Nihal G. Kulkarni	Non Executive Non Independent	6

The terms of reference of the Audit Committee include the matters specified under Clause 49 II of the Listing Agreement entered into with the stock exchanges as well as those in Section 292A of the Companies Act, 1956 and inter-alia includes the following:

1. Oversee the Company's financial reporting process and disclosures of financial information to ensure that the financial statement is sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
5. Discussion with internal auditors of any significant findings and follow up there on.

6. Reviewing the annual financial statements before submission to the Board, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause 2AA of section 217 of the Companies Act, 1956.
 - b) Changes, if any, in accounting policies and practices and reasons for the same
 - c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - d) Significant adjustments arising out of audit findings.
 - e) Compliance with listing and other legal requirements relating to financial statements.
 - f) Disclosure of any related party transactions.
 - g) Qualification in Draft Audit Report.
7. Review Auditor's report, internal controls and recommendations relating thereto.
8. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
9. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
11. Discussion with statutory auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
13. To review the functioning of the Whistle Blower mechanism, in case the same exists.
14. To mandatorily review the following information:
 - a) Management discussion and analysis of financial condition and results of operations;
 - b) Statement of significant related party transactions submitted by the management;
 - c) Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - d) Internal audit reports relating to internal control weaknesses; and
 - e) The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.
15. Carrying out any other function as is mentioned in the terms of reference of Audit Committee as amended from time to time by the Listing Agreement and Companies Act, 1956.

2. Remuneration Committee

The Company has not set up a Remuneration Committee. The Board of Directors decides the remuneration of the Executive Directors in accordance with the provisions of the Companies Act, 1956, subject to the approval of the shareholders.

Remuneration to Directors

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) to its Executive Directors. The Board also decides the commission payable to the Executive Directors on determination of the profits for the Financial Year, within the ceilings prescribed under sections 198 and 309 of the Companies Act, 1956. Agreements for a period of five years each have been separately entered into with the Executive Directors. There is no notice period and no severance fees prescribed in the agreement.

The Board of Directors decides the remuneration to Non-Executive Directors by way of Commission, based on their attendance at the meetings. The members at the Annual General Meeting of the Company held on 9 July 2010 and the Central Government vide its order No. SRN/A90791146/2010-CL-VII dated 27 October 2010, approved the payment of commission to the Non-Executive Directors, at the rate of 1% of the net profits of the Company computed in the manner laid down in Sections 349 and 350 of the Companies Act, 1956.

The sitting fee of Rs. 10,000 per meeting of the Board and any committee thereof, attended by the Non-Executive Directors is payable to them.

Following are the details of the remuneration paid to Directors during Financial Year 2010-11:

Amount in Rs.

Sr. No.	Name of Director	Basic Salary	Allowances	Statutory Contributions	Perquisites	Commission	Sitting Fees	Total
Executive Directors								
1	Atul C. Kirloskar	6,240,000	200,000	1,684,800	2,910,150	25,000,000	-	36,034,950
2	Gautam A. Kulkarni	6,000,000	200,000	1,620,000	3,437,797	25,000,000	-	36,257,797
3	Rahul C. Kirloskar	6,000,000	203,600	1,620,000	3,362,290	25,000,000	-	36,185,890
4	Rajendra.R. Deshpande	4,800,000	780,000	1,296,000	173,418	15,000,000	-	22,049,418
Non Executive Directors								
1	Nihal G. Kulkarni	-	-	-	-	1,380,000	140,000	1,520,000
2	U. V. Rao	-	-	-	-	1,320,000	130,000	1,450,000
3	Pratap G. Pawar	-	-	-	-	1,170,000	120,000	1,290,000
4	Hemendra M. Kothari	-	-	-	-	240,000	40,000	280,000
5	R. Srinivasan	-	-	-	-	1,320,000	130,000	1,450,000
6	Naushad D. Forbes	-	-	-	-	300,000	50,000	350,000
7	M. Lakshminarayan	-	-	-	-	240,000	40,000	280,000
8	Anil N. Alawani	-	-	-	-	480,000	80,000	560,000
9	Dattatraya R. Swar *	-	-	-	-	60,000	10,000	70,000
	Total	23,040,000	1,383,600	6,220,800	9,883,655	96,510,000	740,000	137,778,055

Notes:

- * Appointed as Additional Director with effect from 11 March 2011.
- Allowances include house rent, education and leave travel allowance.
- Statutory Contributions include Company's contribution to provident fund and superannuation fund.
- Perquisites include House rent paid, reimbursement of medical, gas and electricity expenses, perquisite value as per Income Tax Rules for furniture at residence and motorcar and provision for gratuity and leave encashment.

3. Share Transfer cum Shareholders' / Investors' Grievance Committee

The Share Transfer cum Shareholders' / Investors' Grievance Committee has been constituted to look into investors' complaints like transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividends etc., and redressal thereof. The Committee is headed by Pratap G. Pawar (Non-Executive Independent Director), as Chairman and other members of the Committee are Gautam A. Kulkarni and Rajendra R. Deshpande.

Ms. Smita A. Raichurkar, Asst. Company Secretary is the Compliance Officer.

The Compliance Officer can be contacted at:

Kirloskar Oil Engines Limited

Laxmanrao Kirloskar Road,
Khadki, Pune - 411 003
Tel: 25810341 (Ext. - 4461) Fax: 25813208 and 25810209
E-mail: Smita.Raichurkar@kirloskar.com

The Company has received 21 complaints during the financial year. All complaints have been resolved, the details of which are as under:

Nature of Compliant	Received	Resolved
Non receipt of Annual Report	1	1
Non receipt of Dividend	4	4
Non receipt of Share Certificate	14	14
Through SEBI	2	2
Total	21	21

There were no complaints outstanding as on 31 March 2011. The Company had no share transfer requests pending as on 31 March 2011.

C. General Body Meetings

The details of General Meetings of the shareholders, held during previous years are as under:

During FY	Date	Time	Type of Meeting	Venue	Special Resolutions passed
2009-10	2 June 2009	9.00 a.m.	Statutory	Registered Office of the Company	-
2009-10	18 July 2009	12.00 Noon	Extra Ordinary General	Kirloskar Kisan Premises, Kothurd, Pune – 411 038	Allotment of Shares pursuant to Scheme of Arrangement between Kirloskar Oil Engines Limited (now known as Kirloskar Industries Limited) and Kirloskar Engines India Limited (now known as Kirloskar Oil Engines Limited)
2009-10	30 March 2010	12.00 Noon	Extra Ordinary General	Registered Office of the Company	i. Adoption new set of Articles of Association of the Company ii. Change in the name of the Company iii. Increase in the Authorised Capital of the Company
2010-11	9 July 2010	11.00 a.m.	Annual General	Hotel Le Meridien, RBM Road, Pune – 411 001	i. Increase in number of directors from 12 to 18 ii. Payment of commission to Non Executive Directors over and above sitting fees

RESOLUTION PASSED BY POSTAL BALLOT

No special resolutions passed at the above General Meetings were required to be passed by postal ballot process.

However, on 31 March 2011, the shareholders passed an ordinary resolution by way of postal ballot, for disposal of the Bearings Business Division of the Company situated *inter alia* at (1) Khadki, Pune, and (2) MIDC, Ahmednagar (save and except for the lands and buildings on which they are situate) to Pierburg India Private Limited, Pune.

Details of Voting Pattern are as below:

Number of Ballot forms received	852
Number of votes in favour of the resolution	9,21,12,213
Number of votes against the resolution	14,056
Number of invalid Ballot forms received	141

Mahesh Athavale, Partner, Kanj and Associates, Practicing Company Secretaries, was appointed as the Scrutinizer for conducting the postal ballot exercise.

The Company dispatched notices along with Postal Ballot forms to the shareholders on 24 February 2011 and the last date for the receipt of the Postal Ballot Forms was fixed as 26 March 2011. The Ballot forms were received at the registered office of the Company and envelopes were kept separately in the Postal Ballot Box properly secured. Appropriate entries were made in the register maintained for this purpose. The Scrutinizer conducted the scrutiny of the ballots received and submitted his report to Atul C. Kirloskar, Chairman and Managing Director of the Company, who announced the result on 31 March 2011.

No resolution is proposed to be passed at the forthcoming Annual General Meeting by way of postal ballot.

D. DISCLOSURES

- During the financial year under review, there were no materially significant related party transactions made by the Company with its Promoters, Directors, Management or Subsidiaries that may have potential conflict with the interests of the Company at large. Transactions with the related parties are disclosed in Note No. 20 of Schedule 23 to the Accounts in the Annual Report.
- There have been no instances of non-compliances by the Company on any matters related to capital markets. Neither penalties have been imposed nor any strictures imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter related to capital markets.
- The Company does not have a formal Whistle Blower policy. However, any employee, if he so desires, would not be denied access to the Audit Committee.
- Disclosure under Clause 5 All of the Listing Agreement in respect of unclaimed shares

The Securities and Exchange Board of India vide its circular no. CIR/CFD/DIL/10/2010 dated 16 December 2010, amended clause 5A of the Equity Listing Agreement for dealing with unclaimed shares in physical form. In compliance with this amendment on 30 March 2011, the Company had sent first letter to such shareholders whose share certificates are in undelivered form and hence remained unclaimed, by requesting them to update correct details viz. postal addresses, PAN details etc. registered with the Company in order to avoid transfer of such unclaimed shares to the "Unclaimed Suspense Account."

The Company will be sending second and third reminder letters in due course. As on 31 March 2011, the total unclaimed equity shares are 7,20,810.

- 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, following are the details of Cost Auditor and filing of cost audit report with Central Government:

Particulars of the Cost Auditor	Details of Cost Audit Report filed for the period ended 31 March 2010
Mrs. Varsha S. Limaye (M. No. : 12358) Parkhi Limaye & Co. Office No. 705, Siddharth Towers, Kothrud, Pune – 411029 E mail : parkhilimaye@hotmail.com	Due date : 27 September 2010 Filing date : 24 September 2010

- The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement. The extent of adoption of non-mandatory requirement is as follows –

Non-Mandatory Requirements**1. The Board**

The Chairman of the Company is an Executive Director. He maintains his office at the Company's expense and is also allowed reimbursement of expenses incurred in performance of his duties.

There is no limit on the tenure of the Independent Directors on the Board of the Company.

2. Audit qualifications

There are no audit qualifications on the financial statements.

3. Shareholder Rights

Since the Company publishes its quarterly results in newspapers (English and Marathi) having wide circulation, and the results are also displayed on the website of the Company and the Stock Exchanges, the Company does not send any declaration of half yearly performance to the shareholders.

E. Particulars of Re-appointment of Non Executive / Executive Directors

Pratap G. Pawar

Pratap G. Pawar who is a Chairman of Sakal Papers Limited and Chairman and Managing Director of ASK Chemicals Foundry Solutions India Pvt. Ltd., is an Engineer from the prestigious Birla Institute of Technology & Science, (BITS), Pilani. He was the Former President of The Mahratta Chamber of Commerce, Industries & Agriculture, Pune, The Federation of Chambers and Associations all over Maharashtra, The Indian Newspaper Society, New Delhi and Indian Language Newspapers Association. He is Vice President of the World Association of Newspapers (WAN) Paris, and also Executive Committee Member from January 2007. These are some of his memberships on prestigious committees across the world. He is well known social worker and is actively associated as trustee/member with many trusts/organizations.

He is a director in the following other companies:

Bharat Forge Limited *	Karha Developers and Miners Private Limited
Finolex Cables Limited @	Karha Infrastructure Private Limited (Formerly known as Ajay International Private Limited)
Force Motors Limited	United Metachem Private Limited
Sakal Papers Limited	Panhala Investments Private Limited
P.P. Holdings Limited	Rajgadh Agro Farms Private Limited
Abhijit Pawar Media Limited (Formerly known as Octon Technologies Limited)	International Conventions India Private Limited
Sakal Printers Private Limited	World Association of Newspapers
Pasle Agro Farms Private Limited	ASK Chemicals Foundry Solution India Private Limited (Formerly known as Ajay Metachem Sud Chemie Private Limited)
Bhimthadi Developers and Miners Private Limited	

@ Share Transfer cum Shareholders'/Investors' Grievance Committee – Member

* Audit Committee - Member

He is not related to any of the Directors on the Board of the Company.

Dr. Naushad Forbes

Dr. Naushad Forbes is Director of Forbes Marshall, India's leading Steam Engineering and Control Instrumentation firm. He leads the Steam Engineering Companies within the group. He has been Consulting Professor at Stanford University from 1987 to 2004. He developed courses in Technology and Policy in Newly Industrialised Countries. He has received his Bachelor's and Master's degrees from Stanford University and his PhD in Industrial Engineering was on the Process of Technical Entrepreneurship in India, also from Stanford. His book, co-authored with David Wield, From Followers to Leaders: Managing Technology and Innovation in Newly Industrialising Countries, was published in 2002. He is on the Board of Godrej Industries Limited, Tata AutoComp Limited, Ruby Hall Hospital, Jump Associates LLC, California, and Indian Institute of Technology, Bombay. He is the Past Chairman of the Confederation of Indian Industry (Western Region) and chairs the National Innovation Council of CII.

He is a director in the following other companies:

Godrej Industries Limited	Forbesvyncke Private Limited
Tata AutoComp Systems Limited	Spirax Marshall Private Limited
J. N. Marshall Private Limited	Codel International Inc., UK
Forbes Marshall Private Limited	Forbes Marshall Inc. Canada,
Forbes Marshall Arca Private Limited	Jump Associates San Mateo, California
Forbes Polymetron Private Limited	Rapid Effect Private Limited
Krohne Marshall Private Limited	Forbes Marshall (Hyd.) Private Limited
Forbes Marshall Codel Private Limited	Forbes Marshall (Lanka) Private Limited

He is neither a Member nor a Chairman of any Committees in the other Public Limited Companies.

He is not related to any of the Directors on the Board of the Company.

Anil N. Alawani

Anil N. Alawani is a Chartered Accountant by profession. He has experience of over 30 years in Import, Export and Labour matters besides his core area of Finance, Taxation, Financial Restructuring and Company Law. His abilities in Corporate Tax Planning and Finance helped various organisations in which he was employed. He has retired as Director (Finance) from Kirloskar Oil Engines Limited on 31 August 2005.

He is a director in the following other companies:

Kirloskar Brothers Limited #	Kirloskar Integrated Technologies Limited
Kirloskar Ferrous Industries Limited @*	Kirloskar Brothers Investments Limited **
Kirloskar Industries Limited ** ##	Kothurd Power Equipment Limited

** Audit Committee - Chairman

Shareholders' / Investors' Grievance Committee - Chairman

@ Share Transfer cum Shareholders'/Investors' Grievance Committee - Member

* Audit Committee – Member

Shareholders' / Investors' Grievance Committee - Member

He is not related to any of the Directors on the Board of the Company.

Nihal G. Kulkarni

Nihal G. Kulkarni, A.B. in Economics from Brown University, USA, has over five years of experience in the areas of finance and investments. He has undergone extensive training with the Kirloskar Group, Toyota Motor Sales, USA and DSP Merrill Lynch. He was Vice President in Kirloskar Pneumatic Ltd. upto 22 October 2010. He is the Vice Chairman and Director of G. G. Dandekar Machine Works Ltd. and a director on the Boards of Kirloskar Oil Engines Ltd., Kirloskar Brothers Investments Ltd., Kirloskar Consultants Ltd. and G. G. Dandekar Investment Pte. Ltd, a wholly owned subsidiary of G. G. Dandekar Machine Works Ltd., incorporated in Singapore.

He is a director in the following other companies:

Kirloskar Industries Limited (Formerly known as Kirloskar Oil Engines Limited) @*	G.G. Dandekar Machine Works Limited @*
Kirloskar Consultants Limited	G.G. Dandekar Investment Pte. Ltd.
Kirloskar Brothers Investments Limited *	

@ Share Transfer cum Shareholders'/Investors' Grievance Committee - Member

* Audit Committee – Member

Nihal G. Kulkarni and Gautam A. Kulkarni, being son and father, are related to each other.

Dattatraya. R. Swar

Dattatraya R. Swar is a graduate in Mechanical Engineering, started his career with Mahindra & Mahindra, then he worked with Greaves Cotton Limited. In both these Companies, he pre-dominantly worked in Vendor Development / Purchase and Materials Management. He joined erstwhile Kirloskar Oil Engines Limited (KOEL) in 1987 and worked for 20 years in various senior positions, out of which last seven years as Executive Director. He has experience in varied fields such as purchase, vendor developments, materials management, manufacturing and overall business operations. In KOEL he implemented cost reduction programmes vigorously. His efforts in productivity improvement, cost reduction, introductions of new concepts in manufacturing paid rich dividends to KOEL. Besides being a qualified Engineer, he holds Diploma in Purchase Management from American Society and Diploma in Material Management and Production Management, both from Jamanalal Bajaj Institute of Management. He also attended Senior Management Development Programme at IIM, Ahmedabad.

He is a director in the following other companies:

Kirloskar Pneumatic Company Limited	G.G. Dandekar Machine Works Limited **
Kirloskar Integrated Technologies Limited	Swaraj Engines Limited

** Audit Committee - Chairman

He is not related to any of the Directors on the Board of the Company.

Rahul C. Kirloskar

Rahul C. Kirloskar is qualified as B.S (Mechanical Engineering) USA. He has been with the Kirloskar Group of Companies for more than 25 years at senior levels in different capacities. Presently, he is working as Wholetime Director in Kirloskar Oil Engines Limited. He has actively participated in a week long intensive course for top management professionals of major international Companies on Total Quality Management (TQM) in Japan, conducted by Japanese Union of Scientists and Engineering (JUSE). This course has exposed him to the latest methods of TQM prevailing in Japan. He is also on the Board of several companies. He has also been Chairman of the CII Pune Zonal Council as well as CII Maharashtra Council.

He is a Director in the following companies:

Kirloskar Brothers Limited	Asara Sales & Investments Private Limited
Kirloskar Pneumatic Company Limited #	Alpak Investments Private Limited
Kirloskar Proprietary Limited	Pratibha Communications Private Limited
Ansal Properties & Infrastructure Limited	Kirloskar Kenya Limited, Nairobi, Kenya
Green Tek Systems (India) Limited	Kirsons Trading (S.A) (Pte) Limited

Investor Grievances Committee - Member

Rahul C. Kirloskar and Atul C. Kirloskar, Directors of the company, being brothers, are related to each other.

F. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

Date and Time	21 July 2011 at 11.30 A.M.
Venue	Hotel Le Meridien, Raja Bahadur Mill Road, Pune – 411 001
Financial Year	1 April 2010 to 31 March 2011 During the year the results were announced as under: First quarter : 26 July 2010 Second quarter : 21 October 2010 Third quarter : 21 January 2011 Fourth quarter : 13 May 2011

Dates of Book Closure and Dividend Payment

Book Closure	14 July 2011 to 21 July 2011 (Both days inclusive)
Dividend Payment Date	10 August 2011

Registrar and Share Transfer Agent

The Company had appointed Link Intime India Private Limited as Registrar & Share Transfer Agent (R & T Agent). The contact details are as follows –

Link Intime India Private Limited	Block No. 202, 2 nd Floor, Akshay Complex, Off Dhole Patil Road, Pune – 411 001 Tel: (020) 26051629/26053503
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All physical transfers, transmission, transposition, issue of duplicate share certificate/s, issue of demand drafts in lieu of dividend warrants, change of address etc. as well as requests for dematerialisation / rematerialisation are being processed at Link Intime India Private Limited. The shareholders correspondence should be addressed to R & T Agent's aforementioned address.

Share Transfer System

- The applications for transfer of shares lodged at the Company's Registrar and Share Transfer Agent in physical form are processed within 30 days of receipt of the documents valid and complete in all respects. After such processing, the Registrar and Share Transfer Agents will issue share certificate to all other shareholders within 30 days of receipt of certificate for transfer. Shares under objection are returned within a stipulated period of time. The transfer applications are approved periodically by the senior management of the Company.

- Pursuant to the Listing Agreement, a certificate on half yearly basis is issued by the Practicing Company Secretary for compliance with share transfer formalities by the Company for the period 24 December 2010 to 31 March 2011.
- The information on procedures and forms, which are being asked for by the members frequently, viz. Indemnity/Affidavit etc. for issue of duplicate certificates, transmission form, change of address, ECS form, Nomination Form, information about shares allotted pursuant to the Scheme of Arrangement for Demerger etc. are uploaded on the Company's website www.kirloskar.com under path "**About Kirloskar>Group Companies>Kirloskar Oil Engines Limited>Investors>FAQs**"

Communication to the shareholders

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

Shareholder Referencer

- **Permanent Account Number (PAN)**

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

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

- **Email Address**

Ministry of Corporate Affairs (MCA) has permitted the delivery of documents viz. notices of meetings, annual reports etc. to the Shareholders through electronic mode vide its Circular No.17/2011 dated 21 April 2011. The shareholders holding shares in physical form are requested to register their email address with the Company/Registrar & Share Transfer Agent (With Depository Participants in case of shares held in dematerialised form). This paperless compliance is a part of Green Initiative in the Corporate Governance as introduced by MCA.

Dematerialization of shares and liquidity

As on 31 March 2011, **141,221,190** equity shares being **96.97%** of the total equity paid-up share capital of the Company was held in dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The International Security Identification Number (ISIN) allotted to the Company's equity shares is **INE146L01010**.

Outstanding GDR/ADR/Warrants or any convertible instruments, conversion date and impact on equity: Not issued

Designated E-mail address for investors services

Shareholders can also email their queries/grievances at investors@kirloskar.com

Listing Details

The equity shares of the Company were permitted for listing and trading on Bombay Stock Exchange Limited, Mumbai (BSE) and National Stock Exchange of India Limited, Mumbai (NSE) with effect from 24 December 2010.

Following are scrip code details:

Name of the Stock Exchange	Scrip Code
BSE	533293
NSE	KIRLOSENG

Distribution of Shareholding as on 31 March 2011

Range of Shares		No. of shareholders		% to total shareholders		Total face value (in Rs.)		% to total face value	
From	To	Physical	Demat	Physical	Demat	Physical	Demat	Physical	Demat
1	500	8920	15069	27.7735	46.9191	651756	1934344	0.2238	0.6641
501	1000	853	2017	2.6559	6.2801	614278	1462150	0.2109	0.5020
1001	5000	1348	2633	4.1972	8.1981	2828754	5764344	0.9712	1.9790
5001	10000	176	439	0.5480	1.3669	1197892	3070264	0.4113	1.0543
10001	20000	89	265	0.2771	0.8251	1246240	3741202	0.4279	1.2845
20001	30000	28	86	0.0872	0.2678	647530	2147184	0.2223	0.7372
30001	40000	8	29	0.0249	0.0903	268346	993432	0.0921	0.3411
40001	50000	2	25	0.0062	0.0778	90510	1119576	0.0311	0.3844
50001	100000	13	48	0.0405	0.1495	889734	3345982	0.3055	1.1488
100001	Above	3	66	0.0093	0.2055	381150	258863902	0.1309	88.8776
Sub Total		11440	20677	35.6198	64.3802	8816190	282442380	3.0270	96.9730
TOTAL		32117		100		291258570		100	

Shareholding Pattern as on 31 March 2011

Sr. No.	Category	No. of shares	%
1	Promoters & Promoter Group	90,832,847	62.37
2	Mutual Funds / UTI	7,679,635	5.27
3	Financial Institutions	3,827,777	2.63
4	Insurance Companies	6,035,778	4.15
5	Foreign Institutional Investors	17,472,509	12.00
6	Bodies Corporates	2,356,915	1.62
7	Individuals	17,137,370	11.77
8	Others	286,454	0.19
	TOTAL	145,629,285	100.00

Market Price Data

The Company equity shares were listed at BSE and NSE with effect from 24 December 2010. Hence there are no stock quotes for the period upto 23 December 2010. Monthly high/low share prices during the period 24 December 2010 to 31 March 2011 on the BSE and NSE are as below:

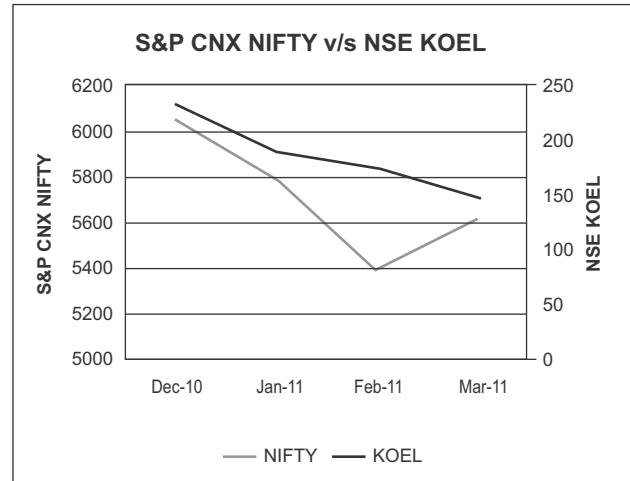
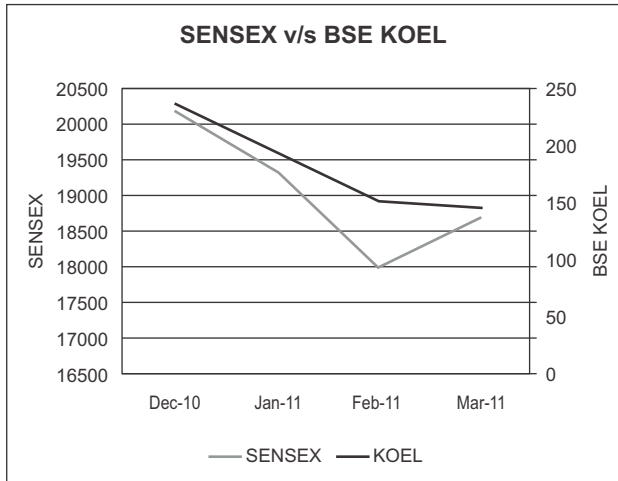
BSE

Month	High (Rs.)	Low (Rs.)
December 2010	261.90	211.10
January 2011	232.90	150.00
February 2011	164.00	137.05
March 2011	160.05	130.05

NSE

Month	High (Rs.)	Low (Rs.)
December 2010	262.75	202.20
January 2011	242.00	136.65
February 2011	184.80	135.60
March 2011	160.00	133.00

Performance of the Company's Scrip on the BSE and NSE as compared to the SENSEX and S & P CNX Nifty for the period 24 December 2010 to 31 March 2011



'Group' as per Regulation 3(1)(e)(i) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997

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

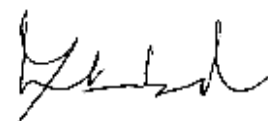
Plant Locations

Sr. No.	Location	Address	Products manufactured
1	Pune	Laxmanrao Kirloskar Road, Khadki, Pune – 411 003	Engines and Bearings
2	Nasik	A-11/1, MIDC, Ambad, Nashik - 422 010.	Large Engines
3	Ahmednagar	Plot no. A/3, MIDC Industrial Estate, Nagapur, Ahmednagar - 414111	Bearings and Bimetal strips
4	Kagal	Plant I Plot No. - D-1, Kagal-Hatkanangale 5 Star Industrial Area, At post Talandage, Tal – Hatkanangale, Dist. Kolhapur – 416 202	Engines, Gensets, Pumpsets
		Plant II Plot No. – A / 262, Phase – I, Kagal-Hatkanangale 5 star Indl. Area. At post – Talandage, Tal – Hatkanangale, Dist. Kolhapur – 416 202	Engines
		Plant III Plot No. – E -18, Opp. M/s Suktas India Limited, Kagal-Hatkanangale 5 star Indl. Area, Dist. – Kolhapur	Canopy Fabrication
		Spares Parts - Plot No. – A / 262, Phase – III, Kagal-Hatkanangale 5 star Indl. Area. At post – Talandage, Tal – Hatkanangale Dist. – Kolhapur – 416 202	Spares Packing & Distribution
5	Rajkot	Plot no. 2320/2/A, GIDC Lodhika Industrial Estate, Almighty Gate Road, Village Metoda, Rajkot- 360021	Engines
6	Silvassa	Survey no 260/71/1, Plot no 2, Village Dadra, Silvassa- 396230	K Series Engines and Generating Sets

Declaration under Clause 49 I (D) (ii) by the Managing Director of affirmation by the Board of Directors and Senior Management of Compliance with the Code of Conduct

The members of Kirloskar Oil Engines Limited

I, Atul C. Kirloskar, Chairman and Managing Director of the Company, do hereby declare that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for Board of Directors and Senior Management of Kirloskar Oil Engines Limited made effective from 1 April 2010.



(Atul C. Kirloskar)
(Chairman & Managing Director)

Place: Pune
Date: 13 May 2011

To
The Members
Kirloskar Oil Engines Limited

We have reviewed the records concerning the Company's compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into, by the Company, with the Stock Exchanges of India, for the financial year ended 31st March, 2011.

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 conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for the review, and the information and explanations given to us by the Company.

Based on such a review, and to the best of our information and according to the explanations given to us, in our opinion, the Company has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the said Listing Agreements.

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

For DALAL & SHAH
Firm Registration Number: 102021W
Chartered Accountants

Pune: 13th May, 2011

Anish P Amin
Partner
Membership Number: 40451

Auditors' Report to the Members of Kirloskar Oil Engines Ltd

1. We have audited the attached Balance Sheet of Kirloskar Oil Engines Ltd (the "Company") as at 31st March 2011 , and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, 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 purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account 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 Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on 31st March , 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2011
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Dalal & Shah
Firm Registration Number: 102021W
Chartered Accountants

Anish Amin
Partner
Membership Number 40451

Pune: 13th May, 2011

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Kirloskar Oil Engines Limited on the financial statements for the year ended 31st March 2011.

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and such physical verification have been noticed.
(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of 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) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) 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.
(b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. 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, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, no major weakness have been noticed or reported.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act 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, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by Reserve Bank of India and the provisions of Sections 58 A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and 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 the records with a view to determine whether they are accurate or complete.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty and cess as at 31st March 2011 which have not been deposited on account of a dispute, are as follows:

Name of the Statute	Nature of the dues	Amount under dispute not yet deposited (Rs.)	Period to which this amounts relates to	Forum where the dispute is pending
Sales Tax	Sales Tax including interest and penalty as applicable	31,103,684	2008 to 2010 1990 to 1997,2004-05 1995-96 and 2005-06 1996-97,2004 to 2006 and 2010-11	Supreme Court High Court Tribunal Appellate Authority -upto Commissioner 's level
Income Tax	Income Tax including interest and penalty as applicable	-	-	-
Service Tax	Service Tax including interest and penalty as applicable	5,962,944	1997-2001,2006 to 2009 2005 to 2009 and 2010 - 2011	Tribunal Appellate Authority -upto Commissioner 's level
Customs	Custom duty including interest and penalty as applicable	10,798,507	1991-92,2006-07	Appellate Authority -upto Commissioner 's level
Excise	Excise duty including interest and penalty as applicable	3,869,343	2000 to 2002, 2004-05,2007-08 1996-97 2003-2007 and 2010 to 2011	Tribunal Appellate Authority -upto Commissioner 's level
Octroi	Octroi including interest and penalty as applicable	38,004,063	2002 to 2008	Civil Court

10. As the Company is registered for a period less than five years, clause (x) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, is not applicable for the year.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion, the Company has maintained proper records of transactions and contracts relating to dealing or trading in shares, securities, debentures and other investments during the year and timely entries have been made therein. Further, such securities have been held by the Company in its own name or are in the process of transfer in its name, except to the extent of the exemption granted under Section 49 of the Act.
15. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.

16. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. There were no debentures issued and outstanding at the year-end.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For Dalal & Shah
Firm Registration Number: 102021W
Chartered Accountants

Anish Amin
Partner
Membership Number 40451

Pune: 13th May 2011

BALANCE SHEET AS AT 31 MARCH 2011

		Rs. in 000's	
		As at 31 March 2011	As at 31 March 2010
		SCHEDULE	
I.	SOURCES OF FUNDS		
1.	Shareholders' funds		
[a]	Share Capital	291,260	291,260
[b]	Reserves and surplus	8,602,804	6,512,807
		<u>8,894,064</u>	<u>6,804,067</u>
2.	Loan funds		
[a]	Secured loans	2,489,922	2,695,633
[b]	Unsecured loans	10	436
		<u>2,489,932</u>	<u>2,696,069</u>
3.	Deferred Tax Adjustment (See note no. 22)		
[a]	Deferred tax Liability	596,883	516,936
[b]	Deferred tax Asset	273,589	193,633
		<u>323,294</u>	<u>323,303</u>
	Total	<u>11,707,290</u>	<u>9,823,439</u>
II.	APPLICATION OF FUNDS		
1.	Fixed assets		
[a]	Gross block	10,524,659	9,652,523
[b]	Less: depreciation	4,618,190	4,026,052
[c]	Net block	5,906,469	5,626,471
[d]	Capital work-in-progress including Capital Advances	193,008	124,029
		<u>6,099,477</u>	<u>5,750,500</u>
2.	Investments	2,977,537	2,000,922
3.	Current assets, loans and advances		
[a]	Inventories	1,385,591	1,402,961
[b]	Sundry debtors	3,817,020	3,854,363
[c]	Cash and bank balances	229,420	636,553
[d]	Other current assets	1,624,359	710,901
[e]	Loans and advances	1,197,457	1,199,709
		<u>8,253,847</u>	<u>7,804,487</u>
	Less: Current liabilities and provisions		
[a]	Liabilities	4,008,638	4,183,094
[b]	Provisions	1,614,933	1,549,376
		<u>5,623,571</u>	<u>5,732,470</u>
	Net current assets	<u>2,630,276</u>	<u>2,072,017</u>
	Total	<u>11,707,290</u>	<u>9,823,439</u>
	Notes forming part of the Financial Statements	23	

As per our attached report of even date.

For and on behalf of the Board of Directors.

For DALAL & SHAH
Firm Registration Number : 102021 W
Chartered Accountants

ATUL C. KIRLOSKAR
Chairman & Managing Director

GAUTAM A. KULKARNI
Joint Managing Director

ANISH AMIN
Partner
Membership Number : 40451

SANJAY D. PARANDE
Chief Financial Officer

SMITA RAICHURKAR
Assistant Company Secretary

Pune: 13 May 2011

Pune : 13 May 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011

	SCHEDULE	Rs.in 000's	
		2010-11	12 January 2009 to 31 March 2010
INCOME			
Sales & Services (Gross)		25,359,109	23,463,728
Less : Excise duty		1,729,316	1,278,679
		<u>23,629,793</u>	<u>22,185,049</u>
Operating Income	14	539,998	424,384
Other Income	15	183,944	82,289
		<u>24,353,735</u>	<u>22,691,722</u>
EXPENDITURE			
Materials Consumed	16	14,322,499	13,589,741
Employee Cost	17	1,789,188	1,293,915
Manufacturing Expenses	18	2,492,228	2,101,337
Selling & Administration Expenses	19	2,179,646	2,096,384
Depreciation and Amortisation	20	848,519	839,878
Interest & Finance Charges	21	245,618	136,432
		<u>21,877,698</u>	<u>20,057,687</u>
Less: Expenses Capitalised		659	511
		<u>21,877,039</u>	<u>20,057,176</u>
Operating Profit before Tax and Exceptional items		2,476,696	2,634,546
Exceptional (Income) / Expenses	22	37,253	-
Profit Before Taxation		2,439,443	2,634,546
Provision for Taxation			947,750
Current Tax including Wealth Tax Rs. 2,150,000/- (PY Rs. 2,750,000/-)		702,150	947,750
Deferred Tax (See note no. 22)		(9)	46,669
		<u>702,141</u>	<u>994,419</u>
Profit for the year after Taxation		1,737,302	1,640,127
As per last account		796,846	-
		<u>2,534,148</u>	<u>16,40,127</u>
Less :			
Transferred to general reserve		173,800	164,013
Proposed Dividend		582,519	582,519
Tax on Proposed Dividend		94,499	96,749
		<u>850,818</u>	<u>843,281</u>
Balance carried to Balance Sheet		<u>1,683,330</u>	<u>796,846</u>
Earnings Per Share			
(Face value of Rs 2/-)			
Basic and Diluted (In Rs.)		11.93	11.26
(See note no. 21)			
Notes forming part of the Financial Statements	23		

As per our attached report of even date.

For and on behalf of the Board of Directors.

 For DALAL & SHAH
 Firm Registration Number : 102021 W
 Chartered Accountants

 ATUL C. KIRLOSKAR
 Chairman & Managing Director

 GAUTAM A. KULKARNI
 Joint Managing Director

 ANISH AMIN
 Partner
 Membership Number : 40451

 SANJAY D. PARANDE
 Chief Financial Officer

 SMITA RAICHURKAR
 Assistant Company Secretary

Pune : 13 May 2011

Pune : 13 May 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

PARTICULARS	<u>Rs. in 000's</u> <u>2010 - 11</u>
A. CASH FLOW FROM OPERATING ACTIVITIES	
Profit before Tax	2,439,443
Add :	
Depreciation	770,121
Leasehold land written off	1,349
Loss on assets sold, demolished, discarded and scrapped	10,692
Write down of obsolete and non moving components	2,107
Bad debts and irrecoverable balances written off, net	46,026
Interest paid	198,525
Valuation loss in respect of Derivative Instruments	114,302
	<u>1,143,122</u>
Less :	
Profit on sale of mutual fund investment (net)	1,610
Surplus on sale of assets	5,353
Interest received	4,558
Sundry Credit Balances Appropriated	4,899
Provision no longer required w.back	184,757
Dividend received	110,850
	<u>312,027</u>
Operating Profit before working capital changes	<u>3,270,538</u>
Adjustments for :	
Trade and other receivables	166,452
Inventories	15,262
Trade payables	130,922
	<u>312,636</u>
Cash generated from operations	3,583,174
Net Cash generated from operations	<u>3,583,174</u>
Direct taxes paid	(771,902)
NET CASH FLOW FROM OPERATING ACTIVITIES	<u>2,811,272</u>
B. CASH FLOW FROM INVESTING ACTIVITIES	
Add :	
Sale of fixed assets	7,701
Sale of investments	1,610
Interest received	4,558
Dividend received	110,850
	<u>124,719</u>
Less :	
Purchase of investments (net)	976,615
Purchase of fixed assets	1,119,385
	<u>2,096,000</u>
NET CASH GENERATED FROM INVESTING ACTIVITIES	<u>(1,971,281)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES	
Interest paid	(201,713)
Proceeds from borrowing (Net of repayments)	(369,469)
Dividend Paid	(579,193)
Tax on Dividend	(96,749)
NET CASH USED IN FINANCING ACTIVITY	<u>(1,247,124)</u>
Net increase / (decrease) in cash and cash equivalents	<u>(407,133)</u>
Cash and Cash equivalents as on 1st April 2010	636,553
Cash and Cash equivalents as on 31st March 2011	<u>229,420</u>

This year being second year of operations and as the cash flow is prepared under Indirect method, previous year's figures are not given.

As per our attached report of even date.

For and on behalf of the Board of Directors.

For DALAL & SHAH
Firm Registration Number : 102021 W
Chartered Accountants

ATUL C. KIRLOSKAR
Chairman & Managing Director

GAUTAM A. KULKARNI
Joint Managing Director

ANISH AMIN
Partner
Membership Number : 40451

SANJAY D. PARANDE
Chief Financial Officer

SMITA RAICHURKAR
Assistant Company Secretary

Pune : 13 May 2011

Pune : 13 May 2011

Schedule Nos. 01 to 23 annexed to and forming part of the Financial Statements for the year ended 31 March, 2011

	Rs. in 000's	
	As at 31 March 2011	As at 31 March 2010
SCHEDULE 01		
SHARE CAPITAL		
AUTHORISED		
200,000,000 Equity Shares of Rs. 2 each	400,000	400,000
ISSUED AND SUBSCRIBED		
* 145,629,750 Equity Shares of Rs.2 each	291,260	291,260
CALLED UP AND PAID UP		
* 145,629,285 Equity Shares of Rs.2 each	291,259	291,259
SHARE CAPITAL SUSPENSE ACCOUNT		
465 Equity Shares Rs. 2 each to be issued and allotted to shareholders of erstwhile Shivaji Works Ltd. on amalgamation according to scheme sanctioned by BIFR, are kept in abeyance as per the Scheme of Arrangement.	1	1
Total	291,260	291,260

***Notes :**

145,629,750 Equity Shares of Rs.2 each were issued and allotted on 30 April, 2010 (out of which 465 equity shares of Rs. 2/- each were kept in abeyance) for consideration other than cash under the Scheme of Arrangement between Kirloskar Industries Limited (earlier known as Kirloskar Oil Engines Limited - Demerged Company) and Kirloskar Oil Engines Limited (earlier known as Kirloskar Engines India Limited - Resulting Company), becoming effective from 31 March 2010, sanctioned by the Honorable High Court of the Judicature of Bombay. (See note no. 2)

Rs. in 000's

	As at 31 March 2011	As at 31 March 2010
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SCHEDULE 02**RESERVES AND SURPLUS****General Reserve**

As per last account	5,214,115	-
As computed in terms of the Scheme of Arrangement	-	5,050,102
Add : Set aside this year	<u>173,800</u>	<u>164,013</u>
	5,387,915	5,214,115

Capital Reserve

Subsidy for setting up of new Industrial Unit
(See note no. 3)

As per last account	664,202	-
Add : Subsidy availed during the year	<u>867,357</u>	<u>664,202</u>
	1,531,559	664,202

Hedging Reserve (See note no. 25)

	-	(162,356)
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Surplus as per annexed profit and loss account

	1,683,330	796,846
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Total

	<u><u>8,602,804</u></u>	<u><u>6,512,807</u></u>
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SCHEDULE 03**SECURED LOANS**

Foreign currency Term Loan from HSBC Bank plc, London (See note no. 7A(1))	190,729	341,219
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Foreign currency Term Loan from BNP PARIBAS, Singapore (See note no. 7A(2))	1,609,470	1,496,793
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Foreign currency Term Loan from ICICI Bank Limited, Hongkong (See note no. 7A(3))	471,578	637,055
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Foreign currency Term Loan from ICICI Bank Limited, Hongkong (See note no. 7A(4))	218,145	183,077
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Working Capital Loans from banks
(See note no. 7B)

Packing Credit - Foreign Currency	-	37,489
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Total

	<u><u>2,489,922</u></u>	<u><u>2,695,633</u></u>
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SCHEDULE 04**UNSECURED LOANS**

Fixed deposits

From Public	10	425
From Shareholders	-	11

Total

	<u><u>10</u></u>	<u><u>436</u></u>
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Rs. In 000's

SCHEDULE 05 - FIXED ASSETS

Fixed Assets	Tangible Assets							Intangible Assets		Total (A+B)	31 st March 2010
	Land Freehold	Land Leasehold	Buildings	Plant & Machinery Including Computers	Electrical Installation	Furniture & Fixture	Vehicles & Aircraft	Total (A)	Total (B)		
Gross Block											
As At 31 March 2010	11	123,632	731,094	7,903,146	196,734	133,219	303,847	9,391,683	260,840	9,652,523	9,490,223
Additions	-	-	29,963	929,860	42,152	14,672	3,506	1,020,153	35,196	1,055,349	243,707
Deductions & Adjustments	-	1,349	1,118	165,679	12,089	2,346	632	183,213	-	183,213	81,407
As At 31 March 2011	11	122,283	759,939	8,667,327	226,797	145,545	306,721	10,228,623	296,036	10,524,659	9,652,523
Depreciation											
Upto 31 March 2010	-	-	75,872	3,410,606	73,514	86,275	178,291	3,824,558	201,494	4,026,052	3,261,306
Deductions & Adjustments	-	-	879	164,876	9,464	2,132	632	177,983	-	177,983	73,782
Recoupment / Adjustment* (See Note No.27)	-	-	-	-	21,095	-	55,954	77,049	-	77,049	-
For The Year	-	-	22,079	755,592	13,706	10,456	25,790	827,623	19,547	847,170	838,528
As At 31 March 2011	-	-	97,072	4,001,322	56,661	94,599	147,495	4,397,149	221,041	4,618,190	4,026,052
Net Block											
As At 31 March 2011	11	122,283	662,867	4,666,005	170,136	50,946	159,226	5,831,474	74,995	5,906,469	5,626,471
As At 31 March 2010	11	123,632	655,222	4,492,540	123,220	46,944	125,556	5,567,125	59,346	5,626,471	

Notes :

- Gross block is at Cost except leasehold land which is net of amount written off.
- For Depreciation and amortisation refer accounting policy (Note 1.1.4).
- Additions include exchange difference loss of Rs.142,653,475/- (P.Y. gain of Rs. 243,517,627/-) (Refer Note No.17)
- For details of Intangible Assets (Refer Note No.23)
- * Recoupment/Adjustment includes reversal of Depreciation due to change in method and rate (Refer Note No.27)
- The schedule 5 of Fixed Assets includes assets at Research & Development facility, the details of which are as under.

FIXED ASSETS - RESEARCH AND DEVELOPMENT FACILITY

Rs. In 000's

Fixed Assets	Tangible Assets							Intangible Assets		Total (A+B)	31 st March 2010
	Land Freehold	Land Leasehold	Buildings	Plant & Machinery Including Computers	Electrical Installation	Furniture & Fixture	Vehicles & Aircraft	Total (A)	Total (B)		
Gross Block											
As At 31 March 2010	-	-	-	188,745	445	5,433	-	194,623	139,861	334,484	303,758
Additions	-	-	-	268,533	9,419	641	-	278,593	1,405	279,998	30,726
Deductions & Adjustments	-	-	-	15,681	-	-	-	15,681	-	15,681	-
As At 31 March 2011	-	-	-	441,597	9,864	6,074	-	457,535	141,266	598,801	334,484
Depreciation											
As At 31 March 2010	-	-	-	89,763	203	2,669	-	92,635	135,159	227,794	204,747
Deductions & Adjustments	-	-	-	7,434	-	-	-	7,434	-	7,434	-
For The Year	-	-	-	23,108	28	596	-	23,732	2,692	26,424	23,047
As At 31 March 2011	-	-	-	105,437	231	3,265	-	108,933	137,852	246,785	227,794
Net Block											
As At 31 March 2011	-	-	-	336,160	9,633	2,809	-	348,602	3,414	352,016	106,690
As At 31 March 2010	-	-	-	98,982	242	2,765	-	101,988	4,702	106,690	

	Face Value Per unit Rs.		As at 31 March 2011 Nos	As at Mar 31, 2010 Nos	As at Mar 31, 2010 Rs ('000)
SCHEDULE 6					
INVESTMENTS (At cost unless otherwise stated)					
LONG TERM INVESTMENTS :					
I TRADE					
A UNQUOTED					
Kirloskar Proprietary Limited - Equity Share	100	1	-	1	-
Kirloskar Proprietary Limited - Preference Share	100	1	-	-	-
II Other Investments					
HDFC Group Unit Linked Plan	10	2,339,200	30,000	-	-
TOTAL LONG TERM INVESTMENTS :			30,000	-	-
CURRENT INVESTMENTS :					
MUTUAL FUNDS					
UNQUOTED					
A DIVIDEND SCHEME - FIXED MATURITY PLAN					
Birla Sun Life Interval Income Fund - Instl- Qtrly-S1-Div Payout	10	10,000,000	100,000		
Birla Sun Life Short Term FMP Series 7-Div-Payout	10	15,000,000	150,000		
Birla Sun Life Short Term FMP Series 8-Div-Payout	10	10,000,000	100,000		
Birla Sun Life Short Term FMP Series 11-Div-Payout	10	10,000,000	100,000		
DSP Black Rock FMP - 3M Series 29-Div Payout	10	5,000,000	50,000		
DSP Black Rock FMP - 3M Series 30-Div Payout	10	5,000,000	50,000		
DSP Black Rock FMP - 3M Series 31-Div Payout	10	10,000,000	100,000		
Kotak Quarterly Interval Plan Series 4 - Dividend	10	9,996,701	100,000		
Kotak Quarterly Interval Plan Series 5 - Dividend	10	9,998,200	100,000		
Kotak Quarterly Interval Plan Series 6 - Dividend	10	10,000,700	100,000		
Kotak Quarterly Interval Plan Series 8 - Dividend	10	9,999,800	100,000		
SBI Debt Fund Series - 90 Days - 39 Dividend	10	10,000,000	100,000		
SBI Debt Fund Series - 90 Days - 40 Dividend	10	10,000,000	100,000		
SBI Debt Fund Series - 90 Days - 42 Dividend	10	10,000,000	100,000		
B DIVIDEND SCHEME - LIQUID					
Birla Sunlife Cash Plus INSTL Premeium- Daily Dividend Reinvestment	10	14,000,578	140,280		
HDFC Cash Management Fund - Treasury Advantage Plan-Wholesale-Daily Dividend	10	20,200,825	202,645	124,955,324	1,250,403
HDFC Cash Management Fund - Savings Plan - Daily Dividend Reinvestment	10	12,231,712	130,101		
ICICI Prudential Flexible Income Plan - Daily Dividend	100	958,502	101,347	70,559,505	750,499
ICICI Prudential Liquid Super Institutional Plan - Div- Daily	100	1,000,423	100,065		
SBI Premier Liquid Fund - Super Institutional - Daily Dividend	10	39,886,955	400,166		
SBI-SHF-Ultra Short Term Fund- Institutional PLAN-Daily Dividend	10	10,128,567	101,346		
Birla Sun Life Short Term Opportunities Fund- INSTL-WD-Reinvestment	10	17,055,095	170,622		
IDFC Savings Advantage Fund - Plan A - Daily Dividend	1,000	150,919	150,943		
SBI Magnum Income Fund FR Saving Plus Bond Plan - Daily Dividend	10	9,944,802	100,022		
C GROWTH SCHEME - LIQUID					
Birla Sun Life Savings Fund - Retail - Growth	10			598	10
HDFC Cash Management Fund - Treasury Advantage Plan - Retail - Growth	10			513	10
TOTAL CURRENT INVESTMENTS			2,947,537		2,000,922
TOTAL INVESTMENTS			2,977,537		2,000,922

Notes :

- Aggregate Carrying Cost of Unquoted Investments 2,977,537 2,000,922
- Accounting Policy 1. 1.5

SCHEDULE 6 (CONTD)

INVESTMENTS (At cost unless otherwise stated)

Following Investments are purchased and sold during the year.

(Rs. in '000)

Name	No of Units	Face Value	Purchase Cost
Birla Sunlife Savings Fund - Dividend	688,022,897	10	6,884,908
Birla Sunlife Cash Plus INSTL Premeium - Dividend	1,777,077,719	10	17,480,361
Birla Sunlife Medium Term Plan - INSTL- Monthly Dividend	4,991,133	10	50,562
Birla Sunlife Cash Manager - IP - daily Dividend	149,000,522	10	1,490,452
Birla Sunlife Interval Income Fund - Instl - Qtrly - Dividend	10,000,000	10	100,000
Birla Sunlife Floating Rate Fund - Dividend	10,026,644	10	100,322
Birla Sunlife Short Term Opportunities Fund - Dividend	17,055,095	10	170,622
Birla Sunlife SHORT TERM FMP SERIES - 7 - Dividend	15,000,000	10	150,000
Birla Sunlife SHORT TERM FMP SERIES - 8 - Dividend	10,000,000	10	100,000
Birla Sunlife SHORT TERM FMP - SERIES 11 - Dividend	10,000,000	10	100,000
DSP Black Rock FMP - 3M Series 29 - Dividend	5,000,000	10	50,000
DSP Black Rock FMP - 3M Series 30 - Dividend	5,000,000	10	50,000
DSP BlackRock FMP- 3M - Series - 31 - Dividend	10,000,000	10	100,000
HDFC Cash Mgmt fund Savings Plan - Dividend	849,035,777	10	9,030,684
HDFC Cash Mgmt fund Treasury Advantage Plan Wholesale - Dividend	266,999,149	10	2,678,402
HDFC FMP 35D August 2010 (1) - Dividend	20,000,000	10	200,000
HDFC FMP 100D August 2010 (2) -Dividend	5,000,000	10	50,000
HDFC Group Unit Linked Plan - Liquid - Dividend	2,339,200	10	30,000
HDFC Liquid Fund Premium Plan - Dividend	16,339,179	10	200,315
ICICI Pru Liquid Super INSTL Plan - Dividend	36,516,369	100	3,652,459
ICICI Pru Flexible Income Plan Premium - Dividend	7,400,311	100	782,472
IDFC Savings Advantage Fund - Dividend	150,919	1000	150,943
KOTAK Liquid INSTL Premium - Dividend	150,494,378	10	1,840,260
KOTAK Floater Long Term - Dividend	118,387,053	10	1,268,767
Kotak Quarterly Interval Plan Series 4 - Dividend	9,996,701	10	100,000
Kotak Quarterly Interval Plan Series 5 - Dividend	9,998,200	10	100,000
Kotak Quarterly Interval Plan Series 6 - Dividend	10,000,700	10	100,000
Kotak Quarterly Interval Plan Series 8 - Dividend	9,999,800	10	100,000
Reliance Liquid Fund Treasury Pln INSTL - Dividend	1,308,394	10	20,002
Reliance Liquid Fund - Dividend	88,465,012	10	885,101
Reliance Money Manager Fund INSTL - Dividend	664,419	1000	665,331
Reliance Monthly Interval Fund - Series I - Dividend	14,992,354	10	150,000
Reliance Monthly Interval Fund - Series II - Dividend	9,994,403	10	100,000
Reliance Monthly Interval Fund - Series III - Dividend	19,978,615	10	200,000
SBI SHDF - ULTRA SHORT TERM - Dividend	10,128,567	10	101,346
SBI Magnum Income Fund FR Savings Plus Bond Plan - Dividend	9,944,802	10	100,022
SBI Magnum Insta Cash Fund - Dividend	19,414,765	10	325,203
SBI Premier Liquid Fund - Dividend	78,845,379	10	791,016
SBI DEBT FUND SERIES - 90 DAYS - 39 - Dividend	10,000,000	10	100,000
SBI DEBT FUND SERIES - 90 DAYS - 40 - Dividend	10,000,000	10	100,000
SBI DEBT FUND SERIES - 90 DAYS - 42 - Dividend	10,000,000	10	100,000

	Rs. in 000's	
	As at 31 March 2011	As at 31 March 2010
SCHEDULE 07		
INVENTORIES		
*Stores and spares, at cost	118,149	94,018
*Stock-in-trade		
Raw materials [including components], at cost	850,331	859,866
Unserviceable and obsolete raw materials, at estimated realisable value	1,899	1,846
Work-in-process, at cost	245,784	189,281
Finished goods, at lower of cost or market value	160,787	185,731
	<u>1,258,801</u>	<u>1,236,724</u>
* Materials in transit, cost to date	8,641	72,219
Total	<u>1,385,591</u>	<u>1,402,961</u>

* as certified by the Chairman & Managing Director

SCHEDULE 08
SUNDRY DEBTORS, UNSECURED

(a) Outstanding for a period exceeding six months		
Good	54,588	56,633
Doubtful	138,387	203,564
Less: provision	138,387	203,564
	<u>-</u>	<u>-</u>
	54,588	56,633
(b) Others: good	3,762,432	3,797,730
Total	<u>3,817,020</u>	<u>3,854,363</u>

SCHEDULE 09
CASH AND BANK BALANCES

Cash on hand	881	562
Bank Balances :		
With Scheduled Banks		
In current accounts and cash credit	214,978	623,315
In fixed deposits	13,561	12,675
	<u>228,539</u>	<u>635,990</u>
With Non-Scheduled Banks :		
In current account		
The HSBC Limited, Singapore	-	1
(Maximum balance outstanding during the year Rs 1,000/- (PY Rs 283,058/-)		
	<u>228,539</u>	<u>635,991</u>
Total	<u>229,420</u>	<u>636,553</u>

	Rs. in 000's	
	As at 31 March 2011	As at 31 March 2010
SCHEDULE 10		
OTHER CURRENT ASSETS		
Income receivable	15,046	11,987
Subsidy receivable for setting up of new Industrial Unit (See note no. 3)	1,531,559	664,202
Export Incentive Receivable	77,754	34,712
Total	1,624,359	710,901
SCHEDULE 11		
LOANS AND ADVANCES		
(unsecured, good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received:		
Good *	234,033	366,144
Doubtful	3,013	4,762
Less: provision	3,013	4,762
	<u>-</u>	<u>-</u>
	234,033	366,144
Derivative Asset	149,233	-
Sales Tax / VAT / Service Tax Receivable (net)	73,083	110,438
Sundry deposits	179,477	170,479
Balance with Collectorate of Central Excise and Customs	52,829	113,598
Tax paid in advance	5,158,624	4,386,722
Less Provision for Tax Per Contra	4,649,822	3,947,672
	<u>508,802</u>	<u>439,050</u>
Total	1,197,457	1,199,709

* includes loans taken by Whole Time Director prior to appointment as director Rs. NIL (PY Rs. 61,227/-)
(Maximum balance outstanding during the period Rs. 61,227/- (PY Rs. 154,263 /-)

SCHEDULE 12
LIABILITIES

Acceptances	486,462	743,174
Sundry creditors		
Due to Micro & Small Enterprises	88,773	43,382
Others	3,214,985	3,130,125
	<u>3,303,758</u>	<u>3,173,507</u>
Sundry deposits	140,909	119,568
Unclaimed dividends	3,326	-
Advance from customers	68,527	138,001
Interest accrued but not due on loans	5,656	8,844
Total	4,008,638	4,183,094

	Rs. in 000's	
	As at 31 March 2011	As at 31 March 2010
SCHEDULE 13		
PROVISIONS		
Provision for gratuity (See note no. 18)	62,861	-
Provision for compensated absences (See note no. 18)	366,537	298,070
Provision for Pension & other Retirement Benefits (See note no. 18)	91,800	92,595
Provision for warranty claims (See note no. 24)	302,415	317,087
Provisions for valuation losses of Derivative Instruments (See note no. 25)	114,302	162,356
Provision for taxation	4,649,822	3,947,672
Less : Tax paid in advance Per Contra	4,649,822	3,947,672
	<u>-</u>	<u>-</u>
Proposed Dividend	582,519	582,519
Provision for tax on Dividend	94,499	96,749
Total	<u>1,614,933</u>	<u>1,549,376</u>

	2010-11	12 January 2009 to 31 March 2010
SCHEDULE 14		
OPERATING INCOME		
Sale of scrap (Net of excise duty)	163,435	132,962
Sundry sales	574	513
Cash Discount received	12,980	19,442
Export Incentives	70,621	43,138
Commission received	70,841	64,259
Refund of Sales tax, Octroi etc	1,162	555
Surplus on sale of assets	5,353	1,501
Sundry credit balances appropriated	4,899	8,989
Provisions no longer required written back	184,757	121,511
Miscellaneous receipts	25,376	31,514
Total	<u>539,998</u>	<u>424,384</u>

SCHEDULE 15		
OTHER INCOME		
* Dividend		
From Other Investments	110,850	77,597
Interest		
Others (Gross, Tax Deducted at Source Rs. 87,299/- (PY Rs. 614,614/-)	4,558	4,165
* Profit on Sale of Mutual Fund investments (net)	1,610	527
Provision for doubtful debts and advances written back	66,926	-
Total	<u>183,944</u>	<u>82,289</u>

* From current Investments

Rs. in 000's

SCHEDULE 16

MATERIALS CONSUMED

	2010-11	12 January 2009 to 31 March 2010
[a] Raw materials and components consumed		
Opening Stocks	861,712	-
Acquired in term of the Scheme of Arrangement	-	748,408
Less : Value of obsolete and non-moving material written-down (Net of realisable value)	2,107	91,335
Add: purchases	13,043,074	11,872,042
	<u>13,902,679</u>	<u>12,529,115</u>
Less: stocks at close	852,230	861,712
	<u>13,050,449</u>	<u>11,667,403</u>
[b] Finished goods purchases for resale	902,262	1,526,162
[c] Increase/(Decrease) in Excise duty of Finished Goods	5,318	133
[d] Freight, octroi and entry tax	393,922	347,464
[e] Write-down of obsolete & non-moving material	2,107	91,335
[f] (Increase)/decrease in stocks		
Stocks at close:		
Work-in-process (including finished components)	245,784	189,281
Finished goods	160,787	185,731
	<u>406,571</u>	<u>375,012</u>
Less: Opening Stocks		
Work-in-process (including finished components)	189,281	-
Finished goods	185,731	-
Acquired in term of the Scheme of Arrangement		
Work-in-process (including finished components)	-	137,969
Finished goods	-	194,287
	<u>375,012</u>	<u>332,256</u>
	(31,559)	(42,756)
Total	<u>14,322,499</u>	<u>13,589,741</u>

SCHEDULE 17

EMPLOYEE COST

Salaries, wages, gratuity, bonus, commission, etc.	1,412,365	1,148,761
* Contribution to provident and other funds	178,154	(13,101)
Welfare and training Expenses	193,645	154,198
Provident and other funds' expenses	5,024	4,057
Total	<u>1,789,188</u>	<u>1,293,915</u>

* Includes credit of Rs. NIL (PY Rs. 78,335,184/-) on account of Gratuity as per AS 15 (revised) Employee Benefits

Rs. in 000's

2010-11	12 January 2009 to 31 March 2010
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SCHEDULE 18**MANUFACTURING EXPENSES**

Stores Consumed	904,289	726,404
Power, fuel and water	266,256	227,772
Machinery spares	123,125	86,306
Machinery repairs	54,818	52,086
Job Work Charges	295,309	246,657
Labour charges	93,711	44,631
Cost of Services	668,560	673,779
Others	86,160	43,702
Total	2,492,228	2,101,337

SCHEDULE 19**SELLING & ADMINISTRATION EXPENSES****SELLING EXPENSES**

Commission	109,081	116,827
Freight and forwarding	381,356	343,583
Sales warranty claims	266,391	278,252
Royalty, technical and license fees etc.	86,635	98,352
Advertisement and publicity	122,829	96,530
Others	44,844	58,378
	1,011,136	991,922

ADMINISTRATION EXPENSES

Rent	244,386	234,047
Rates and taxes	4,625	2,620
Insurance	8,248	8,279
Building repairs	110,705	38,056
Other repairs and maintenance	228,283	175,373
Travelling and conveyance	172,272	137,189
Communication expenses	36,225	31,536
Printing and stationery	25,503	27,587
Legal & Professional fees	103,033	78,654
Auditors' remuneration	5,275	3,859
Donations		
- Pune City District Congress (Political Party)	-	250
- Others	24,176	21,496
	24,176	21,746
Demerger expenses	7,959	87,364
Miscellaneous expenses	141,102	192,447
Loss on assets sold, demolished, discarded and scrapped	10,692	6,914
Provision for doubtful debts and advances	-	31,303
Bad debts and irrecoverable balances written off	46,026	27,488
	1,168,510	1,104,462
Total	2,179,646	2,096,384

Rs. in 000's

SCHEDULE 20**DEPRECIATION AND AMORTISATION**

Depreciation	847,170	838,528
Amount written off against leasehold land	1,349	1,350
Total	848,519	839,878

SCHEDULE 21**INTEREST & FINANCE CHARGES****INTEREST**

On fixed loans (See note no. 28)	184,549	50,221
Others	13,976	49,331
	198,525	99,552

FINANCE CHARGES

Cash discount	23,150	12,964
Discounting charges	-	487
Bank charges, commission etc.	23,943	23,429
	47,093	36,880

Total	245,618	136,432
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SCHEDULE 22**EXCEPTIONAL (INCOME) / EXPENDITURE****Exceptional Income**

Depreciation (See note no. 27)	(77,049)	-
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Exceptional Expenses

Valuation loss in respect of Derivative Instruments (See note no. 25)	114,302	-
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Total	37,253	-
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SCHEDULE '23'

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2011

1. Significant Accounting Policies

1.1 Basis of preparation of Financial Statements

The Financial Statements have been prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis, except where specified otherwise and in case of significant uncertainties.

GAAP comprises mandatory accounting standards prescribed by Companies (Accounting Standards) Amendment Rules, 2006, provisions of the Companies Act, 1956 and the guidelines issued by the Securities and Exchange Board of India.

1.2 Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revisions to accounting estimates are recognised prospectively in future periods.

1.3 Fixed Assets

- a. Fixed assets, except leasehold land, are stated at cost of acquisition or construction less accumulated depreciation. Cost includes the purchase price and all other attributable costs incurred for bringing the asset to its working condition for intended use. Leasehold land is valued at cost less amount written off.
- b. Expenditure on New Projects and Expenditure during Construction :
In case of new projects, expenditure incurred including interest on borrowings and financing costs of specific loans, prior to commencement of commercial production is being capitalized to the cost of assets.
- c. Capital work-in-progress comprises outstanding advances paid to acquire fixed assets under firm commitments and cost of fixed assets that are not yet installed and ready for their intended use at the balance sheet date.
- d. Intangible assets are recorded at the consideration paid for acquisition.
- e. Exchange Differences - See Note No. 1.7 (c) below.

1.4 Depreciation and Amortization

- a. Freehold land is not depreciated.
- b. Leasehold land is amortized over the period of lease.
- c. Depreciation on all assets for the year has been provided on straight line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 from the beginning of the month in which addition is made. However, if the rate inferred by estimated useful life of the asset is higher than those of schedule XIV, then Depreciation is computed with reference to Useful life. (For change in the method of providing depreciation with respect to certain class of assets See Note No. 27). Accordingly, Depreciation on following asset classes has been provided over the estimated useful life of respective assets at the rates being higher than the rates as per Schedule XIV to the Companies Act, 1956.
 - i. On certain types of Data processing machines, depreciation rates range from 20.00% p.a. to 33.33% p.a.
 - ii. On Pattern tooling equipments, depreciation rate is 25.00% p.a.
 - iii. On Electrical Installation, depreciation rate is 6.67% p.a.
 - iv. On Furniture & Fixture, depreciation rates range from 10.00% p.a. to 25.00% p.a.
 - v. On Vehicles & Aircraft, depreciation rates are 20.00% p.a. and 6.67% p.a. respectively.
- d. Jigs and Fixtures, Dies and Patterns costing below Rs. 1 lac and other fixed assets costing below Rs 5,000/- are charged to revenue in the year of acquisition.
- e. Intangible assets are amortised over their respective individual estimated useful lives on a straight line basis, commencing from the date the asset is available to the Company for its intended use.
- f. Depreciation on additions on account of increase in rupee value due to foreign exchange fluctuations is being provided at the rates of depreciation over the future life of the said asset.
- g. Depreciation on assets sold, discarded or demolished during the year is being provided at their respective rates on prorata basis upto the end of the previous month during which such assets are sold, discarded or demolished.

1.5 Investments

- a. Long term investments are stated at cost less permanent diminution in value, if any.
- b. Current investments mainly comprising investments in mutual funds are stated at cost, adjusted for diminution, if any.

1.6 Inventories

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

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

1.7 Foreign Currency Transactions**a. Initial Recognition**

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

b. Conversion

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

c. Exchange Differences

Exchange differences arising on the settlement and conversion of foreign currency transactions are recognised as income or as expense in the year in which they arise, except in cases where they relate to the acquisition of qualifying assets, in which cases they are adjusted in the cost of the corresponding asset. Further, as per Ministry of Corporate Affairs Notification dated 31 March 2009, eligible exchange difference on foreign currency loans utilized for acquisition of assets, upto 31 March 2011, is adjusted in the cost of the asset to be depreciated over the balance life of the asset. (See Note No. 17).

d. Forward Contracts

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

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

e. Option Contracts

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

Outstanding foreign exchange option contracts on the date of Balance Sheet are marked to market (MTM). MTM losses or gains, if any, are recognized in the Profit and Loss account subject to (c) above. However, in respect of instruments to hedge highly probable forecast transactions which serve as effective hedges as determined under the Accounting Standard 30, the gains and losses are accumulated in the Hedge reserve until the underlying transaction occurs upon which the respective accumulated balances are recognized in the Profit and Loss account (See Note no.25).

1.8 Employee Benefits

a. Short Term Employee Benefits:

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

b. Post Employment Benefits:

i. Defined Contribution Plans:

The Company's approved superannuation schemes, state government provident fund scheme, employee state insurance scheme are defined contribution plans. The contribution paid / payable under the schemes is recognised during the period in which the employee renders the related service. The Company also makes specified monthly contributions towards employee provident fund to a Trust administered by the company. The minimum interest payable by the trust to the beneficiaries every year is being notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate, which is recognized as a cost as and when determined.

ii. Defined Benefit Plans:

The employee's gratuity fund scheme, long term compensated absences, pension, post retirement medical and long term service award benefit schemes are Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance Sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on the net basis (See Note No. 18b).

iii. Termination Benefits:

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

1.9 Warranty

Product warranty expenses are determined based on past experience and estimates, and are accrued in the year of sale.

1.10 Research and Development

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

Revenue expenditure for carrying out the research activity is charged to the Profit and Loss Account in the year in which it is incurred.

1.11 Revenue Recognition

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

1.12 Government Grant

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

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

Government grants or subsidies given with reference to the total investment in an undertaking or setting up of new industrial undertaking is treated as capital receipt and credited to capital reserve. The said capital reserve will not be available for distribution of dividend nor is considered as deferred income (See Note No. 3).

1.13 Borrowing Cost

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

Borrowing costs include foreign exchange differences on the long term foreign currency loans to the extent they are attributable to interest differential on the said loans.

1.14 Income Tax

Tax expense comprises both current and deferred tax. Provision for current tax is made on the basis of the taxable profits computed for the current accounting period in accordance with Income Tax Act, 1961.

Deferred Tax resulting from timing differences between Book Profits and Tax Profits is accounted for, at prevailing or substantially enacted rate of tax to the extent timing differences are expected to crystallise, in case of Deferred Tax Liabilities with reasonable certainty and in case of Deferred Tax Assets with reasonable certainty that there would be adequate future taxable income against which Deferred Tax Assets can be realised. However, deferred tax asset arising on account of unabsorbed depreciation and business losses are recognised only if, there is virtual certainty supported by convincing evidence that there would be adequate future taxable income against which the same can be realised/ set off.

1.15 Earning Per Share

Earning per share is calculated by dividing the net profit or loss for the year after prior period adjustment attributable to equity shareholders (after deducting preference dividends and attributable taxes, if any) by the weighted average number of equity shares outstanding during the year.

1.16 Cash Flow Statement

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

1.17 Segment Reporting**a. Identification of Segments**

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

b. Intersegment Transfers

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

c. Allocation of common costs

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

d. Unallocated items

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

1.18 Impairment of Assets

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

1.19 Provisions and Contingencies

Necessary provisions are made for the present obligations that arise out of past events prior to the Balance Sheet date entailing future outflow of economic resources. Such provisions reflect best estimates based on available information.

However, a disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

2. Hon'ble High Court of Judicature at Bombay vide its order dated 31 July 2009 read with its order dated 19 March 2010 had approved the Scheme of Arrangement between Kirloskar Oil Engines Limited (now known as Kirloskar Industries Limited – Demerged Company) and Kirloskar Engines India Limited [now known as Kirloskar Oil Engines Limited – Resulting Company (“Company”)] and their respective shareholders and creditors. The appointed date was 1 April 2009 and the Scheme has become effective from 31 March 2010. The Engines and Auto Components business of Demerged Company was transferred and vested with the Company i.e. Kirloskar Oil Engines Limited on the Scheme of Arrangement becoming effective retrospectively with effect from 01 April 2009. Consequently, the shares were allotted by Committee of Board of the Company to the shareholders of Demerged Company on 30 April 2010 in terms of the said Scheme.

3. The Company's manufacturing facility at Kagal has been granted "Mega Project Status" by Government of Maharashtra and therefore is eligible for Industrial Promotion Subsidy (IPS) under Packaged Scheme of Incentive (PSI) 2001. The company has been granted Eligibility Certificate issued by the Directorate of Industries, Government of Maharashtra in this regard. IPS consists of the following:

- a. Electricity Duty exemption for the period of 9 years from the date of commencement of the project i.e. 01 April 2008, and
- b. 100% exemption from payment of Stamp duty for the plots already purchased and to be purchased, and
- c. VAT and CST payable to the State Government (before adjustment of Set-off) on sales made from Kagal plant, within a period of 9 years starting from 01 April 2008 to 31 March 2017.

IPS will however be restricted to 100% of the eligible fixed capital investments made from 13 April 2006 to 31 March 2013.

The Eligibility Certificate issued allows maximum Fixed Capital Investment of Rs. 598.57 crores.

The Packaged Scheme of Incentive (PSI) 2001 is for intensifying and accelerating the process of dispersal of industries to the less developed regions and promoting high tech industries in the developed areas of the State coupled with the object of generating mass employment opportunities.

Further, in terms of the Accounting Standard (AS 12) "Accounting for Government Grants" prescribed by Companies (Accounting Standards) Amendment Rules, 2006, eligible incentive is considered to be in the nature of promoters' contribution.

Therefore, incentive of Rs. 867,356,670/- for the year (P.Y. Rs. 664,201,914/-) has been credited to the Capital Reserve. Subsidy Receivable as at 31 March 2011 is Rs. 1,531,558,584/- of which Rs. 567,882,000/- has been approved for disbursal by the competent authority.

	As at	Rs. In 000's
	31 March 2011	As at
		31 March 2010
4 (A) Contingent Liabilities not provided for		
(a) Disputed Central Excise demands	9,832	13,166
(b) Disputed Sales Tax & Octroi demands	70,906	65,897
(c) Disputed Custom Duty demands	10,799	10,799
(d) Disputed Income Tax liability - matter under appeal	172,247	143,321
(e) Claims against the Company not acknowledged as debts	790,583	743,595
(f) Guarantees given on behalf of third parties	488,875	152
	<u>1,543,242</u>	<u>976,930</u>
4 (B) The Company has imported Capital Goods under the Export Promotion Capital Goods Scheme of the Government of India, at concessional rates of duty on an undertaking to fulfill quantified exports against which, remaining future obligations aggregates USD 110.09 million (Previous year USD 97.40 million). Non fulfillment of the balance of such obligations, if any, entails options/rights to the Government to confiscate capital goods imported under the said licenses and other penalties under the above-referred scheme. Minimum Export obligation to be fulfilled by the company under the said scheme, by March 31 2011, has been fulfilled.		
5. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	231,628	109,948
6. Charge of hypothecation referred in Note No. 7(B) for working capital facilities extends to letters of credit issued and guarantees given by the Company's bankers		
Aggregate value of such letters of credit outstanding	168,605	454,998
Aggregate value of such guarantees outstanding	753,235	1,152,747

7. Security**A. Term Loans**

1. Foreign Currency Term Loan i.e. External Commercial Borrowings (ECB) of JPY 1,417.46 Million (USD 12 Million) i.e. INR 526 Million availed from HSBC Bank plc, London [balance outstanding as on 31 March 2011: Rs. 190,729,012/-] [P.Y.Rs. 341,219,141/-]. This loan is to be repaid in eight six-monthly equal installment starting from 02 June 2008. Accordingly two installments of JPY 177.17 Million each i.e. Rs. 81,909,146/- were repaid on 01 June 2010 and Rs.87,077,897/- on 01 December 2010 respectively.
2. Foreign Currency Term Loan i.e. External Commercial Borrowings (ECB) of JPY 3,420.15 Million (USD 30 Million) i.e. INR 1245 Million availed from BNP PARIBAS, Singapore [balance outstanding as on 31 March 2011: Rs. 1,609,470,072/-] [P.Y.Rs. 1,496,792,974/-]. This loan is to be repaid in five six-monthly installments starting from 02 March 2012. However, JPY 430 Million i.e. Rs. 240,026,000 /- was repaid on 03 September 2010.
3. Foreign Currency Term Loan i.e. External Commercial Borrowings (ECB) of c 2,336.32 Million i.e. INR 797 Million availed from ICICI Bank Limited, Hongkong [balance outstanding as on 31 March 2011: Rs. 471,577,988/-] [P.Y.Rs. 637,054,965/-]. This loan is to be repaid in eight six-monthly equal installments starting from 31 October 2008. Accordingly two installments of JPY 292.04 Million each i.e. Rs. 139,799,548/- were repaid on 30 April 2010 and Rs. 159,074,188/- on 30 October 2010 respectively.
4. Foreign Currency Term Loan i.e. External Commercial Borrowings (ECB) of JPY 405.28 Million i.e. INR 133 Million availed from ICICI Bank Limited, Hongkong [balance outstanding as on 31 March 2011: Rs. 218,144,919] [P.Y.Rs. 183,077,382/-]. This is to be repaid in a single tranche on 20 June 2012.

The above ECB's are secured by way of hypothecation (First Charge) on all movable plant and machinery both present and future, located at Khadki, Pune (except Auto Components Division), Nasik, Kagal and Rajkot. The Security Trustee Agreement entered into between Kirloskar Oil Engines Limited (now known as Kirloskar Industries Limited) and The Hongkong and Shanghai Banking Corporation Limited, Mumbai (HSBC) on 30 April 2008 has been suitably vested pursuant to the Scheme of Arrangement and resultantly the security created as above in favour of HSBC, the Security Trustee upto Rs. 7,500,000,000/- has been reorganized as created by the Company. The Company has received certificate of registration of charge from Registrar of Companies, Pune on 13 July 2010.

B. Working Capital

In respect of the working capital facilities sanctioned by the consortium of banks (SBI Consortium) comprising of State Bank of India, Mumbai (Lead Bank), Bank of Maharashtra, Pune, ICICI Bank Limited, Pune, HDFC Bank Limited, Pune and The Hongkong and Shanghai Banking Corporation Limited, Pune, have been transferred to the Company pursuant to the said Scheme. The Company has received certificate of registration of charge from Registrar of Companies, Pune on 13 July 2010.

Further the said consortium banks have reduced the working capital facilities from Rs. 350 Crores to Rs. 310 Crores on 25 March 2011. Accordingly, the first charge by way of hypothecation on the whole of the current assets of the Company (other than its Bearing Division) both present and future was reduced from Rs. 350 Crores to Rs. 310 Crores and also the second charge on the whole of the movable fixed assets of the Company (other than its Bearing Division) both present and future was reduced from Rs. 100 Crores to Rs. 60 Crores in favour of SBI Consortium as security for fund based working capital facilities. The Company has filed Form 8 for modification of charge with Registrar of Companies, Pune, on 19 April 2011.

8. Payment to Auditors (Net of Service tax):

Rs. In 000's

Sr.No.	Particulars	01 April 2010 to 31 March 2011	12 January 2009 to 31 March 2010
(A)	Statutory Auditors		
	a) As Auditors	2,600	2,600
	b) In other capacity:		
	For Audit of Interim Financial Statements	1,500	-
	For Tax Audit	400	400
	For Certificates	45	198
	For Expenses	96	136
	TOTAL	4,641	3,334
(B)	Cost Auditors		
	a) As Auditors	600	500
	b) In other capacity:		
	For certificates	6	-
	For Expenses	28	26
	TOTAL	634	526
	GRAND TOTAL(A+B)	5,275	3,859

9. Details of Raw Materials Consumption:

(i) Raw materials and components consumed:

DETAILS	Unit	01 April 2010 to 31 March 2011		12 January 2009 to 31 March 2010	
		Quantity	Rs. in 000's	Quantity	Rs. in 000's
a) Steel and Steel Strips	MT	3,556	122,314	3,301	86,160
b) Non-ferrous Metals	MT	2,151	323,563	1,409	199,505
c) Components		-	12,603,069	-	11,381,130
d) Others		-	1,503	-	608
Total			13,050,449		11,667,403

(ii) Imported and indigenous raw materials consumption (including components) :

Particulars	01 April 2010 to 31 March 2011		12 January 2009 to 31 March 2010	
	Rs. In 000's	%	Rs. In 000's	%
Imported	1,036,284	7.94	1,592,593	13.65
Indigenous	12,014,165	92.06	10,074,810	86.35
Total	13,050,449	100.00	11,667,403	100.00

10. Details of purchase of Trading Goods:

Particulars	Unit	01 April 2010 to 31 March 2011		12 January 2009 to 31 March 2010	
		Quantity	Rs. in 000's	Quantity	Rs. in 000's
a) Engines and Gensets	Nos	1	14,983	3,476	814,537
b) K Oil	Ltrs.	884,238	887,279	817,075	711,625
Total			902,262		1,526,162

11. C. I. F. Value of Imports, expenditure and earnings in foreign currencies :

Rs. In 000's

Particulars	01 April 2010 to 31 March 2011	12 January 2009 to 31 March 2010
(A) C.I.F. Value of imports :		
(i) Raw materials (including components, material in transit, material in bonded warehouse)	1,027,780	1,597,278
(ii) Capital goods	279,834	82,763
Total	1,307,614	1,680,041
(B) Expenditure in foreign currencies :		
(i) Interest	37,469	53,681
(ii) Travelling	20,244	15,949
(iii) Commission on exports	55,349	53,226
(iv) Advertisement & Publicity	20,190	17,011
(v) Legal & Professional fees	2,908	1,444
(vi) Royalty	-	36,525
(vii) Research & Development Expenditure	-	1,294
(viii) At Foreign Branch	3,326	6,949
(ix) Others	14,684	21,425
Total	154,170	207,504
(C) Earnings in foreign currencies :		
(i) F.O.B. value of exports	1,461,664	1,075,675
(ii) Other Matters	1,388	22,171
Total	1,463,052	1,097,846
(D) Exchange (gains) / losses on account of fluctuations in Foreign Currency rates recognised in the Profit & Loss account included in		
a) Interest	149,611	-
b) Miscellaneous Expenses	61,081	77,645
Total	210,692	77,645

12. Foreign Exchange Derivatives and Exposures not hedged at close of the period:

(A) Foreign Exchange Derivatives:

Rs. In 000's

Nature of Instrument	Currency	Sale / Purchase	March 31, 2011	March 31, 2010
Forward Contracts	USD	Purchase	1,124	2,250
	EUR	Purchase	797	1,113
Option Contracts	USD	Purchase	43,520	51,340
	USD	Sale	22,000	34,000
	EUR	Purchase	-	500
	JPY	Purchase	4,598,899	5,973,798

All derivative contracts stated above are for the purpose of hedging the underlying foreign currency exposure.

(B) Exposure not hedged:

Rs. In 000's

Nature of Exposure	Currency	March 31, 2011	March 31, 2010
Receivable	EUR	302	147
	GBP	1	-
Payable	USD	1,338	1,419
	EUR	764	1,788
	JPY	-	2,632
	GBP	69	15
Loan	USD	5,580	8,361
	JPY	27,001	20,532

13. Details of licensed and installed capacity, production, stock and turnover :

A) Licensed and installed capacity and production:

Sr No	Class of Goods	Unit	Licensed Capacity		Installed Capacity (b)		Production meant for Sale	
			2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
1	Engines between 2.5 HP to 740 HP (a)	Nos.	710,100	662,100	213,525 (g)	196,694 (g)	213,525 (g)	196,694 (g)
2	Engines above 2400 HP to 10000 HP (a)	Nos.	26	26	2	8	2	8
3	Generating Sets between 5 KVA to 600 KVA (a)	Nos.	83,800	83,800	8,959	7,907	8,959	7,907
4	Generating Sets between 1.6 MW to 4.4 MW(a)	Nos.	14	14	-	5	-	5
5	Bimetal Bearings (a) , (e) and (f)	Nos. (000's)	105,650	105,650	48,890	46,047	48,890	46,047
6	Bimetal Strips - (a) and (c)	MT	11,981	11,981	3,917	3,599	3,917	3,599
7	C.I.Castings (m)	MT						
8	Investment Steel Castings(m)	MT						
9	Electricity : Power Plant (n)	Kwh (000's)						
10	Pump Sets (a)	Nos.	210,000	210,000				
11	R Type Engines (d)	Nos.	8,000	8,000	8,000	8,000		
12	Air Compressors up to1000 cfm	Nos.	500	500	500	500		
13	Diesel /Electric compressors 30 to 2500 cfm	Nos.	500	500	500	500		
14	Garage compressors above 5 HP and parts	Nos.	250	250	250	250		
15	Air receiver, inter coolers, heat exchangers and parts thereof	Nos.	500	500	500	500		
16	Car lifts, washers and lubricants equipments	Nos.	300	300	300	300		
17	Aluminium Castings	MT	NA	NA	300	300		
18	Agricultural Implements	MT	200	200	200	200		
19	Self Priming Pumps	Nos.	3,500	3,500	3,500	3,500		

- a Licenced capacity is given on the basis of IEM (Industrial Entrepreneurs Memorandum) received by the company till FY 2010-11.
- b Most of the plant and machinery being common for different products manufactured by the company and installed capacity being dependent on product mix, which in turn is decided by the actual demand for various products from time to time and also on availing of subcontracting facilities, it is not feasible for the Company to indicate the exact installed capacity. The Company has, however,indicated the installed capacity on the basis of year's Product mix as certified by the Technical Personnel and accepted by Auditors, as correct, being technical matter.
- c Includes 3,756 MT for internal consumption. (Previous year - 3,530 MT)
- d Unit Closed.
- e Production quantity represents number of components "meant for sale only" and includes components produced and kept on hold due to technical reason in earlier years and released after inspection which being a technical matter, is certified by technical personnel and accepted by auditors as correct.
- f Includes 4,389 Nos.(000's) for internal consumption. (Previous year 4,203 Nos. (000's)).
- g Includes 2,325 Nos. for Internal consumption. (Previous year 2,235 Nos.).

B) Stocks and Turnover:

Sr. No.	Class of Goods	Opening Stock				Closing Stock				Turnover				** Others	
		2010-11		2009-10		2010-11		2009-10		2010-11		2009-10		2010-11	2009-10
		Nos.	Rs. In 000's	Nos.	Rs. In 000's	Nos.	Rs. In 000's	Nos.	Rs. In 000's	Nos.	Rs. In 000's	Nos.	Rs. In 000's	Nos.	Nos.
1	Engines between 2.5 HP to 740 HP	5,851	110,527	2,551	63,602	2,881	75,572	5,851	110,527	213,519	14,818,242	190,173	12,576,969	2,976	3,221
2	Engines above 2400 HP to 10000 HP	-	-	-	-	-	-	-	-	2	314,017	8	613,653	-	-
3	Generating Sets between 5 KVA to 600 KVA	95	8,519	138	11,139	169	25,716	95	8,519	8,885	1,898,270	7,649	1,624,943	-	301
4	Generating Sets between 1.6 MW to 4.4 MW	-	-	-	-	-	-	-	-	1	51,710	5	770,160	-	-
5	Bimetal Bearings and engines Valves (in '000)	1,619	21,572	2,369	38,266	1,571	26,695	1,619	21,572	48,890	1,166,168	46,047	1,051,414	52	750
6	Bimetal Strips (MT)	1	470	4	459	2	452	1	470	161	61,463	71	14,284	-	-
7	Goods Traded - Engines and Gensets	78	7,406	471	40,383	60	4,985	78	7,406	19	18,598	3,869	848,085	-	-
8	Goods Traded - K-oil (Liters)	10,689	10,676	14,957	13,441	6,453	4,043	10,689	10,676	888,474	1,272,587	821,343	1,042,835	-	-
9	Others	-	26,561	-	26,997	-	23,325	-	26,561	-	4,028,737	-	3,642,706	-	-
	TOTAL		185,731		194,287		160,787		185,731		23,629,793		22,185,049		

** Includes free replacement, capitalisation, scrap, shortages, Internal consumption etc.

14. Managerial Remuneration:

(a) Commission payable to Chairman and Managing Director, Joint Managing Director, Whole Time Directors and other Directors:

Rs. In 000's

Computation of Net Profit and Director's Commission	01 April 2010 to 31 March 2011		12 January 2009 to 31 March 2010	
Profit for the year		1,737,302		1,640,127
Add :				
Provision for taxation (including wealth tax)	702,141		994,419	
Directors Remuneration	137,038		117,392	
Provision for doubtful debts & advances etc.	(66,926)	772,253	31,303	1,143,114
Less :				
Profit on sale of Mutual Fund investments (Net)	1,610		527	
Provisions no longer required written back	184,757	186,367	121,511	122,038
Profit for the purpose of Managerial Remuneration and Directors Commission under Section 349 of the Companies Act, 1956		2,323,188		2,661,203
Managing Director, Joint Managing Director and Whole Time Directors' Remuneration @ 10%		232,319		266,120
Restricted to		130,528		93,722
Non Whole time Directors' Commission @ 1%		23,232		26,612
Restricted to		6,510		23,670

(b) Details of payments and provisions included in the Profit and Loss Account on account of remuneration to Chairman and Managing Director, Joint Managing Director & Whole Time Directors:

Rs. In 000's

Particulars	01 April 2010 to 31 March 2011	12 January 2009 to 31 March 2010
Salary	23,040	15,808
Contribution to:		
Provident Fund	2,765	1,897
Superannuation Fund	3,456	2,371
Gratuity	1,852	188
Leave Travel Assistance, Edu. All & HRA	1,384	580
Leave Encashment	(453)	1,849
Commission	90,000	65,000
Perquisites	7,685	5,095
	129,729	92,788
Estimated value of other benefits	799	933
Total	130,528	93,722

15. The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31 March 2011. The disclosure pursuant to the said Act is as under :

Rs. In 000's

Particulars	01 April 2010 to 31 March 2011	12 January 2009 to 31 March 2010
Principal Amount due to suppliers under MSMED Act , 2006, beyond the appointed day ,since paid.	-	-
Interest accrued and due to suppliers under MSMED Act , on the above amount	-	-
Payment made to suppliers (other than interest) beyond the appointed day , during the year	7,131	16,752
Interest paid to suppliers under MSMED Act (Other than section 16)	-	-
Interest paid to suppliers under MSMED Act (Section 16) -	-	-
Interest due and payable to suppliers under MSMED Act , for the payments already made	12	46
Interest accrued and remaining unpaid at the end of the year to suppliers under MSME Act	948	976

The Information has been given in respect of such vendors on the basis of information available with the company.

16. **Research and Development Expenditure eligible for deduction under section 35(2AB) of Income Tax Act, 1961:**

Rs in 000's

No.	Particulars	01 April 2010 to 31 March 2011	12 January 2009 to 31 March 2010
A	Revenue Expenditure		
	Manufacturing Expenses :		
	Raw Material, Store, Spares & Tools Consumed	39,821	43,511
	Machinery Repairs	3,216	3,936
	Payments to & Provision for Employees :		
	Salaries, Wages, Bonus, Allowances, etc.	38,548	26,868
	Contribution to Provident & Other Funds & Schemes	2,216	1,412
	Other Benefits	91	44
	Other Expenses :		
	Legal & Professional charges	6,288	12,698
	Membership Fees	50	50
	EDP Expenses	8,266	2,039
	Power Charges	4,628	1,515
	Travelling & Conveyance Expenses	4,617	4,690
	Other Expense	26,097	7,613
	Repairs and Maintenance	3,125	
	Total	136,963	104,376
B	Capital Expenditure	279,998	30,726
	Total Eligible Research & Development Expenditure (A+B)	416,961	135,102

17. The Company, as per Ministry of Corporate Affairs notification dated 31 March 2009 had exercised the option of implementing the provisions of paragraph 46 of Accounting Standard (AS 11) "The effects of changes in Foreign Exchange Rates" prescribed by Companies (Accounting Standards) Amendment Rules, 2006. The Company has outstanding long term foreign currency loans which are categorised as long-term foreign currency monetary Items utilised for the acquisitions of assets as referred in the said notification. Accordingly company has capitalised exchange difference loss of Rs. 142, 653,475/- [P.Y. gain Rs. 243,517,627/-] pertaining to the current financial year in respect of its foreign currency loans.

18. Disclosure pursuant to Accounting Standard (AS 15) – Revised 2005 " Employee Benefits" prescribed by Companies (Accounting Standards)Amendment Rules, 2006

a. Defined Contribution Plans :

Amount of Rs. 82,566,827/- (P.Y. Rs. 65,233,826/-) is recognised as expense and included in Schedule No.17 "Employee Cost".

b. Defined Benefit Plans :

(i) Amount Recognised In the Balance Sheet :

Rs. In 000's

Particulars	01 April 2010 to 31 March 2011			12 January 2009 to 31 March 2010		
	Gratuity	Compen- sated Absences	Pension, Post retire- ment Medical scheme and Long Service award scheme	Gratuity	Compe- nsated Absences	Pension, Post retire- ment Medical scheme and Long Service award scheme
a. Present value of Defined Benefit obligation	392,319	-	-	304,580	-	-
b. Less: Fair value of Plan Assets	(352,591)	-	-	(359,794)	-	-
c. Present value of unfunded obligation	23,133	366,537	91,800	21,281	298,070	92,595
d. Net Liability / (Asset) recognised in the Balance Sheet	62,861	366,537	91,800	(33,933)	298,070	92,595

(ii) Amount recognised in the Profit and Loss Account are as follows :

Rs. In 000's

Particulars	01 April 2010 to 31 March 2011			12 January 2009 to 31 March 2010		
	Gratuity	Compen- sated Absences	Pension, Post retire- ment Medical scheme and Long Service award scheme	Gratuity	Compen- sated Absences	Pension, Post retire- ment Medical scheme and Long Service award scheme
a. Current Service Cost	25,564	30,903	11,450	20,324	25,030	17,255
b. Interest Cost	26,422	24,015	6,879	22,909	19,998	4,856
c. Expected return on Plan Assets	(27,639)	-	-	(23,225)	-	-
d. Actuarial Losses / (Gains)	66,164	44,640	(4,946)	(96,925)	(34,764)	(6,335)
e. Past Service Cost	7,711	-	(5,214)	-	-	-
Total included in "Employee Cost"	98,222	99,558	8,168	(76,917)	10,265	15,776

(iii) Reconciliation of opening and closing balances of the Present Value of the Defined Benefit Obligation:

Rs. In 000's

Particulars	01 April 2010 to 31 March 2011			12 January 2009 to 31 March 2010		
	Gratuity	Compensated Absences	Pension, Post retirement Medical scheme and Long Service award scheme	Gratuity	Compensated Absences	Pension, Post retirement Medical scheme and Long Service award scheme
a. Present value of Defined Benefit obligation at the beginning of the year	325,860	298,070	92,595	354,045	309,164	84,209
b. Interest cost	26,422	24,015	6,879	22,909	19,998	4,856
c. Current service cost	25,564	30,903	11,450	20,325	25,030	17,255
d. Actuarial Losses / (Gains)	59,930	44,640	(4,946)	(47,183)	(34,764)	(6,335)
e. Past Service Cost	7,711	-	(5,214)	-	-	-
f. Benefits paid	(30,035)	(31,091)	(8,964)	(24,236)	(21,358)	(7,389)
g. Present value of Defined Benefit obligation at the close of the year	415,452	366,537	91,800	325,860	298,070	92,596

(iv) Changes in the fair value of Plan Assets and the reconciliation thereof:

Rs. In 000's

Particulars	01 April 2010 to 31 March 2011			12 January 2009 to 31 March 2010		
	Gratuity	Compensated Absences	Pension, Post retirement Medical scheme and Long Service award scheme	Gratuity	Compensated Absences	Pension, Post retirement Medical scheme and Long Service award scheme
a. Fair value of Plan Assets at the beginning of the year	359,794	-	-	293,789	-	-
b. Add :Expected return on Plan Assets	27,639	-	-	23,225	-	-
c. Add / (Less) : Actuarial Losses / (Gains)	(6,235)	-	-	49,742	-	-
d. Add : Contributions by employer	645	31,091	8,964	15,472	21,358	7,389
e. Less: Benefits Paid	(29,253)	(31,091)	(8,964)	(22,435)	(21,358)	(7,389)
f. Fair value of Plan Assets at the close of the year	352,591	-	-	359,794	-	-

(v) **Broad Categories of plan assets as a percentage of total assets as at 31 March 2011 :**

Particulars	01 April 2010 to 31 March 2011			12 January 2009 to 31 March 2010		
	Gratuity	Compen- sated Absences	Pension, Post retire- ment Medical scheme and Long Service award scheme	Gratuity	Compen- sated Absences	Pension, Post retire- ment Medical scheme and Long Service award scheme
a. Government of India Securities	2%	-	-	2%	-	-
b. Corporate Bonds	1%	-	-	1%	-	-
c. Special Deposit Scheme	24%	-	-	24%	-	-
d. Insured Managed Funds	68%	-	-	68%	-	-
e. Others	5%	-	-	5%	-	-
G. Total	100%	-	-	100%	-	-

(vi) **Actuarial Assumptions as at 31 March 2011 :**

Particulars	01 April 2010 to 31 March 2011			12 January 2009 to 31 March 2010		
	Gratuity	Compen- sated Absences	Pension, Post retire- ment Medical scheme and Long Service award scheme	Gratuity	Compen- sated Absences	Pension, Post retire- ment Medical scheme and Long Service award scheme
a. Discount Rate	8.40%	-	-	8.50%	-	-
b. Expected rate of return on Plan Assets	8.00%	-	-	8.00%	-	-
c. Salary Escalation rate Management Staff	7.50%	-	-	7.50%	-	-

(vii) Experience Adjustments on plan assets (Loss)/ Gain Rs. (6,234,765/-), PY Rs. 49,742,481/-

(viii) **General Description of the plans:**

The Company operates gratuity plan wherein every employee entitled to the benefit as per scheme of the Company, for each completed year of service. The same is payable on retirement or termination whichever is earlier. The benefit vests only after five years of continuous service.

19. Segment information as required by Accounting Standard (AS 17) "Segment Reporting" prescribed by Companies (Accounting Standards) Amendment Rules, 2006 is set out in a separate statement annexed to the schedule.

20. Related parties, as defined under Clause 3 of Accounting Standard (AS 18) "Related Party Disclosures" prescribed by Companies (Accounting Standards) Amendment Rules, 2006, have been identified on the basis of representation made by the Key Management Persons and taken on record by the Board. Disclosure of transactions with Related Parties are as under:

(A) Name of the Related Party and nature of relationship where control exists :

1. Associate Companies

Kirloskar Integrated Technologies Limited

2. Companies Controlled by Key Management Personnel :

Cess Investments and Consultants Private Limited

Navsai Investments Private Limited

Kirloskar Consultants Limited

Kirloskar Chillers Private Limited

Kirloskar Integrated Technologies Limited (with effect from 06 December 2010)

Achyut and Neeta Holding and Finance Private Limited

Alpak Investments Private Limited

Green Tek Systems (India) Limited

3. Key Management Personnel and their relatives:

Key Management Personnel		Relatives	Relationship
Name	Designation		
Atul C. Kirloskar	Chairman & Managing Director	Arti A. Kirloskar Gauri A. Kirloskar (Kolenaty) Aditi A. Kirloskar Sanjay C. Kirloskar Rahul C. Kirloskar Suman C. Kirloskar	Wife Daughter Daughter Brother Brother Mother
Gautam Kulkarni	Joint Managing Director	Jyostna G. Kulkarni Nihal G. Kulkarni Ambar G. Kulkarni Ashwini H. Parulkar Neeta A. Kulkarni	Wife Son Son Sister Mother
Rahul C. Kirloskar	Whole time Director	Alpana R. Kirloskar Aman R. Kirloskar Alika R. Kirloskar Atul C. Kirloskar Sanjay C. Kirloskar Suman C. Kirloskar	Wife Son Daughter Brother Brother Mother
R. R. Deshpande	Executive Director	Veena R. Deshpande Kaustubh R. Deshpande Sourabh R. Deshpande D. R. Deshpande P. R. Deshpande	Wife Son Son Brother Brother

(B) Related Party Transactions for the period 1 April 2010 to 31 March 2011:

Rs. In 000's

Nature of Transaction	Year	Holding Company *	Associate Company **	Key Management Personnel	Relative of Key Management Personnel
Sale of Goods	2010-11	-	9,965,417	-	-
	2009-10	-	9,128,777	-	-
Reimbursement of Expenses	2010-11	-	-	-	-
	2009-10	11,205	-	-	-
Other Expenses	2010-11	-	-	635	-
	2009-10	-	-	2,415	-
Rendering of Services	2010-11	-	1,059	117,508	-
	2009-10	-	1,097	105,397	-
Rent Paid	2010-11	-	-	-	5,400
	2009-10	-	-	-	3,600
License Fees	2010-11	-	-	-	-
	2009-10	192,828	-	-	-
Dividend Paid	2010-11	-	-	45,475	44,461
	2009-10	-	-	-	-
Security Deposit	2010-11	-	-	-	-
	2009-10	96,414	-	-	10,000
Outstanding as on 31st March 2011					
Receivable	2010-11	-	1,256,591	-	-
	2009-10	-	1,738,653	-	-
Payables	2010-11	-	-	94,856	-
	2009-10	-	-	83,003	-
Security Deposit	2010-11	-	-	-	30,000
	2009-10	-	-	-	30,000

* Kirloskar Industries Limited ceased to be a Holding Company w.e.f. 31 March 2010.

** KOEL has material inter company transactions with Kirloskar Integrated Technologies Ltd. As such transactions from 01 April 2010 to 31 March 2011 are included in associate company. These have been made at arms length basis.

21. Earnings Per Share (Basic and Diluted)

Rs. In 000's

Particulars	01 April 2010 to 31 March 2011	12 January 2009 to 31 March 2010
Profit for the year after taxation	1,737,302	1,640,127
Total number of equity shares at the end of the year	145,629,750	145,629,750
Basic and Diluted Earnings Per Share	11.93	11.26

Earnings per share is calculated in accordance with Accounting Standard (AS 20) "Earnings Per Share" prescribed by Companies (Accounting Standards) Amendment Rules, 2006.

22. As required by Accounting Standard (AS 22) "Taxes on Income" prescribed by Companies (Accounting Standards) Amendment Rules, 2006, the Company has recognised deferred taxes, which result from timing differences between Book profits and Tax profits for the period aggregating Rs. 10 ('000) in the Profit and loss Account, the details of which are as under.

Rs. In 000's

Particulars	As at 01 April 2010	Arising during the period	Balance as at 31 March 2011
(i) Deferred Tax Liabilities			
Depreciation	516,936	79,947	596,883
(ii) Deferred Tax Assets			
a) Disallowance under section 43B of Income Tax Act	85,610	66,607	152,217
b) Provision for doubtful debts and Advances	69,206	(23,329)	45,877
c) VRS compensation	7,294	(2,092)	5,202
d) Demerger expenses	23,218	(6,674)	16,544
e) Others	8,305	8,359	16,664
f) Difference in Exchange – MTM Losses on exports options	-	37,085	37,085
Total (a+b+c+d+e) [ii]	193,633	79,956	273,589
Deferred Tax Liability (Net) [i-ii]	323,303	(10)	323,294

23. The disclosures required by Accounting Standard (AS 26) "Intangible Assets" prescribed by Companies (Accounting Standards) Amendment Rules, 2006 are as follows:

Rs. In 000's

Intangible Assets	Drawings & Designs	Computer software	Technical Know-how	Development Expenditure	Total
Gross Carrying Amount :					
As at 31 Mar 2010	158,104	65,348	23,088	14,300	260,840
Additions	-	35,196	-	-	35,196
Adjustments / Deductions	-	-	-	-	-
As at 31 Mar 2011	158,104	100,544	23,088	14,300	296,036
Amortisation :					
As at 31 Mar 2010	138,922	52,478	4,392	5,702	201,494
For the Year	2,575	8,359	3,847	4,766	19,547
Adjustments / Deductions	-	-	-	-	-
Up to 31 Mar 2011	141,497	60,837	8,239	10,468	221,041
Net Block :					
As at 31 Mar 2011	16,607	39,707	14,849	3,832	74,995
As at 31 Mar 2010	19,182	12,870	18,696	8,598	59,346
a. Useful life	115 months	60 months	72 months	36 months	-
b. Amortisation method	Straight Line	Straight Line	Straight Line	Straight Line	-

24. The disclosures required by Accounting Standard (AS 29) "Provisions, Contingent Liabilities, Contingent Assets" prescribed by Companies (Accounting Standards) Amendment Rules, 2006 are as follows:

Rs. In 000's

Class of provision	Carring amount as at 1st April 2010	Provisions made / Increase (Decrease) in Provision	Amounts used during the year	Amounts reversed during the year	Carrying amount as on 31 March ,2011
Warranty	317,087	266,391	(179,781)	(101,282)	302,415

i. Nature of Obligation

Warranty is given to customers at the time of sale of engines and generating sets manufactured. Warranty cost includes expenses in connection with repairs, free replacement of parts / engines and after sales services during warranty period which varies from 1 year to 4 years.

ii. Expected Timing of resulting Outflow:

Majority of warranty cost will be incurred in the next financial year and balance will be incurred in the following years.

25. Company has outstanding currency option contracts (hedging instruments) which are bought by the company to hedge a part of its highly probable forecast export transactions. These currency option contracts are designated as cash-flow hedges in terms of Accounting Standard (AS 30) "Financial Instruments – Recognition and Measurement" prescribed by Companies (Accounting Standards) Amendment Rules, 2006. These currency option contracts are ineffective, on applying the principles of hedge accounting as set out in AS-30 and as per an expert opinion cannot be designated for hedge accounting. Consequently, the Mark to Market Losses recognized at the close of the previous year in the Hedging Reserve has been transferred to the profit & loss account during the current financial year. The Mark to Market (MTM) loss (as per the computation provided by the Forex consultant) in respect of these outstanding currency option contracts as at 31 March 2011 aggregating Rs. 114,302,441/- (P.Y. Rs. 162,355,976/-) has been reflected as an exceptional item.
26. The Board of Directors approved the hive off of the Bearing Business Division (BBD) consisting of two units located at Pune and Ahmednagar (except for land and buildings at Khadki and Ahmednagar) at its meeting held on 21 October 2010.

Pursuant to the aforesaid Board resolution, the management of KOEL held negotiations with the management of KSPG Automotive India Private Limited (KSPG India) and agreed on the terms of the Business Transfer Agreement (BTA). The Board of Directors approved the draft BTA for the slump sale of the BBD on a going concern basis for a lumpsum consideration of Rs. 87 crores payable on Completion Date, subject to obtaining approval of shareholders, lenders and other third party consents. The Company has obtained shareholder approval through postal ballot. The results of the postal ballot were announced on 31 March 2011. The Company has also obtained approval of its lenders for the hive off of the BBD. The Company expects to complete the transaction during the financial year 2011-12, after obtaining other third party approvals and consents and complying with the requirements of the BTA.

The information regarding comparison in respect of the year ended on 31 March 2011 of sales, profitability and assets of the BBD against corresponding figures of the Company is given in the table below. Considering the BBD's insignificant scale of operations compared to the Company's total operations, the hive off of the BBD will not have a material impact on the Company's financials. Hence, the management of the Company is of the view that the disclosure requirements under Accounting Standard (AS-24) relating to "Discontinuing Operations" will not be applicable.

Rs. In 000's

Sr. No.	Criteria	Kirloskar Oil Engines Limited (KOEL) (including the BBD)	Bearings Business Division	Bearings Business Division as % to KOEL
01	Sales	23,629,793	1,227,631	5.2%
02	Profit Before Tax	2,439,443	114,204	4.7%
03	Assets	11,368,780	292,411	2.6%

-
27. The Company has from the current year changed the method of providing depreciation in respect of Electrical Installation and Aircraft from Written Down Value basis to Straight Line Method with retrospective effect. The change has been brought about to ensure that all class of assets for providing Depreciation are on Straight Line Method basis.

As a result of change in the method of computing, the charge for Depreciation is lower by Rs. 77,048,847/- and the profit for the period is higher by an equivalent amount and reserves are higher by Rs. 54,939,904/- net of deferred tax.

28. Interest includes an amount of Rs. 149,611,002/- (P.Y. Rs. Nil) which represents exchange differences adjusted as borrowing costs.

29. Disclosure required as per clause 32 of the Listing Agreement are as follows:

- A. Associate Company
Kirloskar Integrated Technologies Limited

There are no loans and advances in the nature of loans to firms/companies in which Directors are interested.

There are no Investment in the firms/companies in which Directors are interested.

30. Previous year's figures have been re-grouped wherever considered necessary to make them comparable with those of the current year.

Signatures to the Schedules 1 to 23, forming part of the Financial Statement.

As per our attached report of even date.

For and on behalf of the Board of Directors

For DALAL & SHAH
Firm Registration Number : 102021 W
Chartered Accountants

ATUL C. KIRLOSKAR
Chairman & Managing Director

GAUTAM A. KULKARNI
Joint Managing Director

ANISHAMIN
Partner
Membership Number : 40451

SANJAY D. PARANDE
Chief Financial Officer

SMITARAICHURKAR
Assistant Company Secretary

Pune : 13 May 2011

Pune : 13 May 2011

KIRLOSKAR OIL ENGINES LIMITED

 Annexure referred to in Note No. 19 of Notes forming part of the Financial Statements
 Segment reporting as required by Accounting standard 17:

(Rs. In '000)

Particulars		Year ended (Audited) 31 March 2011	Period ended (Audited) 31 March 2010
1	Segment Revenue		
	a Engines	22,821,575	21,449,403
	b Others	1,503,792	1,303,100
	Total	24,325,367	22,752,503
	Less: Inter segment revenue	155,576	143,070
	Net Sales / Income from Operations	24,169,791	22,609,433
2	Segment Results		
	Profit (+) / Loss (-) before tax and interest from each segment		
	a Engines	2,526,141	2,656,535
	b Others	142,610	239,708
	Total	2,668,751	2,896,243
	Less:		
	i Interest	245,618	136,432
	ii Other Unallocable expenditure net off unallocable income	(16,310)	125,265
	Total Profit Before Tax	2,439,443	2,634,546
3	Total carrying amount of segment assets		
	a Engines	12,754,330	12,283,649
	b Others	4,576,531	3,272,260
	Total Segment assets	17,330,861	15,555,909
4	Total amount of segment liabilities		
	a Engines	4,483,934	4,546,797
	b Others	1,139,637	1,185,673
	Total segment liabilities	5,623,571	5,732,470
5	Capital Employed (Segment assets - Segment liabilities)		
	a Engines	8,270,396	7,736,852
	b Others	3,436,894	2,086,587
	Total capital employed in the company	11,707,290	9,823,439
6	Total cost incurred during the year to acquire segment assets that are expected to be used during more than one period		
	a Engines	1,007,376	207,926
	a Others	47,973	35,781
	Total assets acquired	1,055,349	243,707
7	Depreciation & Amortisation		
	a Engines	765,586	773,800
	b Others	5,884	66,078
	Total Depreciation & Amortisation	771,470	839,878

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

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 State Code

1	1
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 Balance Sheet Date

3	1
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0	3
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1	1
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II. Capital raised during the year: (Amount in Rs. Thousands)

Public Issue	Rights Issue																
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td>N</td><td>I</td><td>L</td><td></td><td></td><td></td></tr></table>			N	I	L				<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td>N</td><td>I</td><td>L</td><td></td><td></td><td></td></tr></table>			N	I	L			
		N	I	L													
		N	I	L													
Bonus Issue	Private Placement																
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td>N</td><td>I</td><td>L</td><td></td><td></td><td></td></tr></table>			N	I	L				<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td>N</td><td>I</td><td>L</td><td></td><td></td><td></td></tr></table>			N	I	L			
		N	I	L													
		N	I	L													

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	Total Assets																			
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>1</td><td>7</td><td>0</td><td>7</td><td>2</td><td>9</td><td>0</td></tr></table>	1	1	7	0	7	2	9	0	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>1</td><td>7</td><td>0</td><td>7</td><td>2</td><td>9</td><td>0</td></tr></table>	1	1	7	0	7	2	9	0			
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1	1	7	0	7	2	9	0													
Sources of Funds																				
Paid Up Capital	Reserves and Surplus																			
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td>2</td><td>9</td><td>1</td><td>2</td><td>6</td><td>0</td></tr></table>			2	9	1	2	6	0	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td>8</td><td>6</td><td>0</td><td>2</td><td>8</td><td>0</td><td>4</td></tr></table>			8	6	0	2	8	0	4		
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		8	6	0	2	8	0	4												
Secured Loans	Unsecured Loans																			
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		2	4	8	9	9	2	2												
								1	0											
Application of Funds																				
Net Fixed Assets	Investments																			
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		6	0	9	9	4	7	7												
		2	9	7	7	5	3	7												
Net Current Assets	Misc. Expenses																			
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td>2</td><td>6</td><td>3</td><td>0</td><td>2</td><td>7</td><td>6</td></tr></table>			2	6	3	0	2	7	6	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td>N</td><td>I</td><td>L</td><td></td><td></td><td></td></tr></table>			N	I	L					
		2	6	3	0	2	7	6												
		N	I	L																
Accumulated Losses																				
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		N	I	L																

IV. Performance of the Company (Amount in Rs. Thousands)

Turnover	Total Expenditure																
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>2</td><td>4</td><td>3</td><td>5</td><td>3</td><td>7</td><td>3</td><td>5</td></tr></table>	2	4	3	5	3	7	3	5	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>2</td><td>1</td><td>9</td><td>1</td><td>4</td><td>2</td><td>9</td><td>2</td></tr></table>	2	1	9	1	4	2	9	2
2	4	3	5	3	7	3	5										
2	1	9	1	4	2	9	2										

V. Profit of Company

Profit/(Loss) before tax	Profit/(Loss) after tax																		
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td>2</td><td>4</td><td>3</td><td>9</td><td>4</td><td>4</td><td>3</td></tr></table>			2	4	3	9	4	4	3	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td>1</td><td>7</td><td>3</td><td>7</td><td>3</td><td>0</td><td>2</td></tr></table>			1	7	3	7	3	0	2
		2	4	3	9	4	4	3											
		1	7	3	7	3	0	2											
Earning per share (Rs.)	Dividend Rate %																		
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td>1</td><td>1</td><td>.</td><td>9</td><td>3</td></tr></table>				1	1	.	9	3	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td>2</td><td>0</td><td>0</td></tr></table>							2	0	0	
			1	1	.	9	3												
						2	0	0											

VI. Generic name of three principal products/services of Company (as per monetary terms)

Item Code No. (ITC Code)	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>8</td><td>4</td><td>.</td><td>0</td><td>8</td></tr></table>	8	4	.	0	8																																						
8	4	.	0	8																																								
Product Description	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>I</td><td>N</td><td>T</td><td>E</td><td>R</td><td>N</td><td>A</td><td>L</td><td></td><td>C</td><td>O</td><td>M</td><td>B</td><td>U</td><td>S</td><td>T</td><td>I</td><td>O</td><td>N</td><td></td><td></td></tr><tr><td>D</td><td>I</td><td>E</td><td>S</td><td>E</td><td>L</td><td></td><td>E</td><td>N</td><td>G</td><td>I</td><td>N</td><td>E</td><td>S</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>	I	N	T	E	R	N	A	L		C	O	M	B	U	S	T	I	O	N			D	I	E	S	E	L		E	N	G	I	N	E	S								
I	N	T	E	R	N	A	L		C	O	M	B	U	S	T	I	O	N																										
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B	I	M	E	T	A	L		B	E	A	R	I	N	G	S																													
Item Code No. (ITC Code)	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>8</td><td>5</td><td>.</td><td>0</td><td>2</td></tr></table>	8	5	.	0	2																																						
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Product Description	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>G</td><td>E</td><td>N</td><td>E</td><td>R</td><td>A</td><td>T</td><td>I</td><td>N</td><td>G</td><td></td><td>S</td><td>E</td><td>T</td><td>S</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>	G	E	N	E	R	A	T	I	N	G		S	E	T	S																												
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KIRLOSKAR OIL ENGINES LIMITED

Regd. Office : Laxmanrao Kirloskar Road,
Khadki, Pune 411 003 (Maharashtra)

ATTENDANCE SLIP

Annual General Meeting on 21 July, 2011 at 11.30 A.M.

Ledger Folio No. / DP ID and Client ID.
Full name of the shareholder (in capital)

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

I hereby record my presence at the Annual General Meeting of the Company at Hotel Le Meridien, Raja Bahadur Mill Road, Pune – 411 001, on Thursday, 21 July 2011 at 11.30 A.M.

Shareholder's / Proxy's Signature

Proxy's full name (in capital)

Note : Please fill in this Attendance Slip and hand over at the entrance of the Hall.

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

KIRLOSKAR OIL ENGINES LIMITED

Regd. Office : Laxmanrao Kirloskar Road,
Khadki, Pune 411 003 (Maharashtra)

PROXY FORM

I/We
Ledger Folio No. / DP ID and Client ID. of
being member/members of Kirloskar Oil Engines Limited with do hereby appoint
.....of.....
or failing him/her of as my/our
proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Annual General Meeting of
the Company, to be held at Hotel Le Meridien, Raja Bahadur Mill Road, Pune – 411 001, on Thursday, 21 July
2011 at 11.30 A.M. and at any adjournment/(s) thereof.

In witness whereof, I/we have set my/our hand/(s) on this day of 2011 .

(Signature of the member across the stamp)

Please
affix
15 paise
Revenue
Stamp

Note: This form, 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 meeting.

TEAR HERE

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EVENTS THAT MADE THE YEAR



6th consecutive ontime Wage Agreement



Release of KOELs 1st Corporate Sustainability Report



No Vehicle Day was observed



Best Human Response Award in the Large Scale Industry Sector by MCCIA



Overseas Launch of DV Series Generating Sets in Dubai



Enriching Lives

KIRLOSKAR OIL ENGINES LIMITED

Regd. Office: Laxmanrao Kirloskar Road, Khadki, Pune - 411 003, INDIA.

Tel.: +91 (20) 2581 0341. Fax: +91 (20) 2581 3208, 2581 0209.

E-mail: investors@kirloskar.com | Website: www.kirloskar.com



KIRLOSKAR OIL ENGINES LIMITED

Enriching Lives

NOTICE

Notice is hereby given that the Annual General Meeting of Kirloskar Oil Engines Limited will be held on Thursday, the 21st day of July 2011 at 11.30 a.m. at Hotel Le Meridien, Raja Bahadur Mill Road, Pune – 411 001 to transact the following business:

ORDINARY BUSINESS:

ITEM NO.1 :

To receive, consider and adopt the Audited Profit and Loss Account for the Financial Year ended 31 March 2011, the Balance Sheet as at that date and the Reports of the Board of Directors and Auditors thereon.

ITEM NO.2 :

To declare dividend on equity shares for the financial year ended on 31 March 2011.

ITEM NO.3 :

To appoint Pratap G. Pawar who retires by rotation and being eligible, offers himself for re-appointment.

ITEM NO.4 :

To appoint Dr. Naushad D. Forbes who retires by rotation and being eligible, offers himself for re-appointment.

ITEM NO.5 :

To appoint Anil N. Alawani who retires by rotation and being eligible, offers himself for re-appointment.

ITEM NO.6 :

To appoint Nihal G. Kulkarni who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

ITEM NO. 7 :

To consider and if thought fit to pass, with or without modification(s), the following resolution as an ordinary resolution:

“RESOLVED THAT M/s. P.G. Bhagwat, Chartered Accountants, (Firm Registration Number 101118W), Pune, in respect of whom the Company has received a Special Notice pursuant to Section 190 and 225 of the Companies Act, 1956, be and are hereby appointed as Statutory Auditors of the Company, to hold office as such from the conclusion of this meeting until conclusion of the next Annual General Meeting AND THAT the Board of Directors of the Company be and is hereby authorised to fix their remuneration for the said period.”



KIRLOSKAR OIL ENGINES LIMITED

Enriching Lives

ITEM NO. 8 :

To consider and if thought fit to pass, with or without modifications, the following resolution as an ordinary resolution:

“RESOLVED THAT Dattatraya R. Swar, who was co-opted as an Additional Director by the Board of the Directors of the Company with effect from 11 March 2011 and who holds office of Director up to the date of this Annual General Meeting pursuant to Article 160 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice pursuant to Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director, be and is hereby appointed as Director on the Board of the Company.”

ITEM NO. 9 :

To consider and if thought fit to pass, with or without modifications, the following resolution as an ordinary resolution:

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 read with Articles 167 (A), 167 (B) and 167 (C) of the Articles of Association of the Company and subject to other approvals as may be necessary, Rahul C. Kirloskar be and is hereby re-appointed as the Whole-time Director of the Company for a period of 5 (Five) years with effect from 5 June 2011 upon the terms and conditions as set out in the Agreement to be entered into between the Company and Rahul C. Kirloskar on the remuneration set out below:

SALARY:

Rs. 10,00,000/- (Rupees Ten Lacs only) per month.

PERQUISITES:

In addition to the aforesaid salary, Rahul C. Kirloskar as Whole-time Director shall be entitled to the following perquisites:

- a. Fully furnished residential accommodation. Where no accommodation is provided by the Company, suitable house rent allowance in lieu thereof may be paid. The expenses on furnishings gas, electricity, water and other utilities and repairs shall be borne by the Company.
- b. Reimbursement of all medical expenses incurred for self and family.
- c. Leave travel assistance for self and family not exceeding Rs. 2,00,000 per annum.
- d. Fees of clubs, subject to a maximum of two clubs, which will include admission fee but will not include life membership fees.
- e. Personal accident insurance, premium whereof does not exceed Rs. 25,000 per annum.
- f. A car with driver.
- g. Telephone and fax facilities at residence.
- h. Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961.



KIRLOSKAR OIL ENGINES LIMITED

Enriching Lives

- i. Gratuity at the rate of 30 days' salary for each completed year of service as Whole-time Director, and
- j. Leave at the rate of one month for every eleven months of service. Leave not availed of may be encashed at the end of the tenure.
- k. Education Allowance for the education of his children as per Company rules.

"Family" for the above purpose means wife, dependent children and dependent parents of the Whole-time Director.

Perquisites shall be evaluated as per the provisions of the Income tax Rules.

COMMISSION:

Commission shall be decided by the Board of Directors based on the net profits of the Company each year subject to the condition that the aggregate remuneration of the Whole-time Director shall not exceed the limit laid down under Section 309 of the Companies Act, 1956.

MINIMUM REMUNERATION:

In the event of loss or inadequacy of profits in any financial year during the currency of his tenure as Whole-time Director, remuneration by way of salary, perquisites and other allowances shall be in accordance with the ceiling prescribed in Section II of Part II of Schedule XIII to the Companies Act, 1956 or any statutory modification thereof.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to revise from time to time during the tenure of the present appointment of Rahul C. Kirloskar, the remuneration payable to him as Whole-time Director, subject to the ceiling laid down in Sections 198, 309 and Schedule XIII to the Companies Act, 1956 without further approval of the shareholders of the Company but with such other approvals, sanctions or permissions, if any, required for such revision in the remuneration.

RESOLVED FURTHER THAT Rahul C. Kirloskar will be a Director liable to retire by rotation and his re-appointment as such Director shall not be deemed to constitute a break in his appointment as whole-time Director."

ITEM NO. 10 :

To consider and if thought fit to pass, with or without modifications, the following resolution as special resolution:

"RESOLVED THAT the approval of the shareholders be and is hereby accorded, pursuant to sub-clause (ii) of clause (b) of Sub-section (2A) of Section 149 of the Companies Act, 1956, for carrying on the business of hiring and repairing of aircrafts as specified in Clause 78 of the Memorandum of Association of the Company."

By Order of the Board of Directors

Smita Raichurkar
Asst. Company Secretary

Place: Pune
Date: 13 May 2011



NOTES

- i. A MEMBER OF THE COMPANY ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- ii. Proxies, if any, in order to be effective must be received at the Company's Registered Office not later than 48 hours before the time fixed for holding the meeting. Proxies shall not have any right to speak at the meeting.
- iii. Pursuant to Section 173 of the Companies Act, 1956, an Explanatory Statement in respect of the businesses mentioned under Item No.3 to 10 above, is annexed.
- iv. The Register of Members and share transfer books of the Company will remain closed from 14 July 2011 to 21 July 2011, both days inclusive.
- v. Dividend on shares as recommended by the Directors, if declared, at this Annual General Meeting, will be paid to those members whose names will appear on the Register of Members as on 21 July 2011. In respect of the shares in the electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.
- vi. In order to get their dividend through National Electronic Clearing Service (NECS) / Electronic Clearing Service (ECS), members who are holding shares in physical form are requested to inform their bank account details such as the name of the bank, branch, its address, account number and type of account i.e. Savings or Current or Cash Credit etc. to Link Intime India Private Limited, Registrar and Share Transfer Agent of the Company having its office at 'Akshay' Complex, Block No. 202, 2nd Floor, Off Dhole Patil Road, Near Ganesh Temple, Pune – 411 003. Shareholders holding shares in dematerialised form are requested to inform their bank account particulars to their respective Depository Participant and not to the Registrar and Share Transfer Agent/Company. Those shareholders who do not opt for NECS/ECS facility may inform these details for printing the same on the dividend warrant to ensure safety.
- vii. Members are requested to immediately notify the Registrar and Share Transfer Agents (Depository Participant, in case of shares held in dematerialised form) of any change in their address.
- viii. In case members wish to ask for any information about accounts and operations of the Company, they are requested to send their queries in writing at least 7 days in advance of the date of the meeting so that the information can be made available at the time of the meeting.
- ix. Members may avail of the facility of dematerialisation by opening Depository accounts with the Depository Participants of either National Securities Depository Limited or Central Depository Services (India) Limited and get the equity share certificates held by them dematerialised.



KIRLOSKAR OIL ENGINES LIMITED

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- x. Members are requested to register their e-mail addresses with Company / Registrar and Share Transfer Agent in case of holding of shares in physical form and with concerned Depository Participants in case of shares held in dematerialised form.
- xi. Members are requested to bring their attendance slip and copy of the annual report at the meeting.

By Order of the Board of Directors

S.A. Raichurkar

Smita Raichurkar
Asst. Company Secretary

Place: Pune
Date: 13 May 2011



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KIRLOSKAR OIL ENGINES LIMITED

ANNEXURE TO THE NOTICE EXPLANATORY STATEMENT

As required by Section 173 of the Companies Act, 1956, and pursuant to Clause 49 of the Listing Agreement, the following Explanatory Statement sets out all material facts relating to Item Nos. 3, 4, 5, 6, 7, 8, 9 and 10 in the accompanying notice of Annual General Meeting of the Company to be held on 21 July 2011 at 11.30 a.m. at Hotel Le Meridien, Raja Bahadur Mill Road, Pune – 411 001.

ITEM NO. 3 OF THE NOTICE:

Pratap G. Pawar retires by rotation and being eligible offers himself for re-appointment.

He holds 5,355 (0.00%) equity shares in the Company.

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

ITEM NO. 4 OF THE NOTICE:

Dr. Naushad D. Forbes retires by rotation and being eligible offers himself for re-appointment.

He holds 9,000 (0.01%) equity shares in the Company.

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

ITEM NO. 5 OF THE NOTICE:

Anil N. Alawani retires by rotation and being eligible offers himself for re-appointment.

He holds 34,282 (0.02%) equity shares in the Company.

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

ITEM NO. 6 OF THE NOTICE:

Nihal G. Kulkarni retires by rotation and being eligible offers himself for re-appointment.

He holds NIL equity shares in the Company.

Nihal G. Kulkarni and Gautam A. Kulkarni, being son and father, are related to each other.



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ITEM NO. 7 OF THE NOTICE:

The Statutory Audit of the accounts of the Company is currently carried out by M/s. Dalal & Shah, Chartered Accounts, Mumbai (Firm Registration No. 102021W).

Pursuant to the provisions of Section 190 and 225 of the Companies Act, 1956, the Company has received a Special Notice from a Member of the Company signifying its intention to propose the name of M/s. P. G. Bhagwat, Chartered Accountants, Pune (Firm Registration Number 101118W), as Statutory Auditors of the Company alongwith a deposit of Rs. 500/- as required under the said Act.

Accordingly, the Board of Directors of the Company, pursuant to the recommendation of the Audit Committee, proposes the appointment of M/s. P. G. Bhagwat, Chartered Accountants, Pune (Firm Registration Number 101118W), as the Statutory Auditors of the Company, who will hold office as such from the conclusion of this Meeting until the conclusion of the next Annual General Meeting.

M/s. P. G. Bhagwat, Chartered Accountants, Pune (Firm Registration Number 101118W), have expressed their willingness to act as the Statutory Auditors of the Company and have further confirmed that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

Accordingly approval of the members is being sought to the appointment of M/s. P. G. Bhagwat, Chartered Accountants, Pune (Firm Registration Number 101118W), as the Statutory Auditors of the Company to hold office as such from the conclusion of this Meeting until the conclusion of the next Annual General Meeting on a remuneration to be decided by the Board of Directors of the Company.

None of the Directors of the Company is in any way, concerned or interested in the said resolution.

ITEM NO. 8 OF THE NOTICE:

Pursuant to Article 160 of the Articles of Association of the Company, the Board of Directors on 11 March 2011 co-opted Dattatraya R. Swar, as an Additional Director on the Board of the Company. Being an Additional Director, he holds the 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 Dattatraya R. Swar for the office of Director of the Company.

Dattatraya R. Swar is a graduate in Mechanical Engineering, started his career with Mahindra & Mahindra, then he worked with Greaves Cotton Limited. In both these Companies, he pre-dominantly worked in Vendor Development / Purchase and Materials Management. He joined erstwhile Kirloskar Oil Engines Limited (KOEL) in 1987 and worked for 20 years in various senior positions, out of which last seven years as Executive Director. He has experience in varied fields such as purchase, vendor developments, materials management, manufacturing and overall business operations. In KOEL he implemented cost reduction programmes vigorously. His efforts in productivity improvement, cost reduction, introductions of new concepts in manufacturing paid rich dividends to KOEL. Besides being a qualified Engineer, he holds Diploma in Purchase Management from American Society and Diploma in Material Management and Production Management, both from Jamanalal Bajaj Institute of Management. He also attended Senior Management Development Programme at IIM, Ahmedabad.



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He holds directorship in the following other companies:

Kirloskar Pneumatic Company Limited	G.G. Dandekar Machine Works Limited
Kirloskar Integrated Technologies Limited	Swaraj Engines Limited

He holds 5,700 (0.00%) equity shares in the Company.

He is not related to any other director on the Board of the Company as per Section 6 of the Companies Act, 1956.

No Director other than Dattatraya R. Swar is concerned or interested in the above item.

ITEM NO. 9 OF THE NOTICE

The services of Rahul C. Kirloskar have been transferred on a continuous basis from Kirloskar Industries Limited (Demerged Company- earlier known as Kirloskar Oil Engines Limited - KIL) to the Company, with effect from 31 March 2010 for the balance period of his term, i.e. up to 4 June 2011, pursuant to the Scheme of Arrangement for Demerger between KIL and the Company as approved by the Hon'ble High Court of Judicature at Bombay vide its order dated 31 July 2009 read with its order dated 19 March 2010, which came into effect on 31 March 2010.

The Board of Directors in its meeting held on 13 May 2011 re-appointed Rahul C. Kirloskar as the Whole-time Director for a further period of five years with effect from 5 June 2011 on the terms as to remuneration as set out in Item No. 9 of the Notice.

The appointment and remuneration payable to Rahul C. Kirloskar as Whole-time Director is also subject to the approval of the shareholders as required by Schedule XIII of the Companies Act, 1956.

Rahul C. Kirloskar is qualified as B.S (Mechanical Engineering) USA. He has been with the Kirloskar Group of Companies for more than 25 years at senior levels in different capacities. Presently, he is working as Wholetime Director in Kirloskar Oil Engines Limited. He has actively participated in a week long intensive course for top management professionals of major international Companies on Total Quality Management (TQM) in Japan, conducted by Japanese Union of Scientists and Engineering (JUSE). This course has exposed him to the latest methods of TQM prevailing in Japan. He is also on the Board of several companies. He has also been Chairman of the CII Pune Zonal Council as well as CII Maharashtra Council.

He holds directorship in the following other companies:

Kirloskar Brothers Limited	Asara Sales & Investments Private Limited
Kirloskar Pneumatic Company Limited	Alpak Investments Private Limited
Kirloskar Proprietary Limited	Pratibha Communications Private Limited
Ansal Properties & Infrastructure Limited	Kirloskar Kenya Limited, Nairobi, Kenya
Green Tek Systems (India) Limited	Kirsons Trading (S.A) (Pte) Limited



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He holds 37,56,455 (2.58%) equity shares in the Company.

Rahul C. Kirloskar and Atul C. Kirloskar, Directors of the Company, being brothers, are related to each other and hence interested in the resolution. None of the other directors of the Company are concerned or interested in the resolution.

ITEM NO. 10 OF THE NOTICE:

The Company owns two aircrafts viz. Robinson R44 Raven-II Helicopter and Hawker Beechcraft King Air B200. The Company has been using these aircrafts for the travel requirements of its personnel for business visits. In order to ensure optimum utilization of the capacity, the erstwhile Kirloskar Oil Engines Limited had applied for change in the registration category in order to enable the company to hire these aircrafts to others under Non-scheduled air transport services (NSOP) to Office of Director General of Civil Aviation on 3 February 2009. Post Demerger, on 12 October 2010 the Company had received necessary permit to operate non-scheduled air transport services from the Office of the Director General of Civil Aviation. This approval is valid upto 11 October 2012 and it is renewable.

Sub Clause 78 of Clause "C" of the Memorandum of Association of KOEL provides as follows:-

To carry on the business of manufacturers, hirers, repairers, cleaners of and dealers in all types of aircrafts, hovercrafts and other crafts of all types and descriptions that are capable of being flown in air or run on land whether on dry land or waterways like rivers, lakes or sea, whether carrying passengers or cargo and other equipments of whatsoever nature or kind which are presently being used or may be used hereinafter in aircrafts or hovercrafts.

Your Company has necessary authority to commence the business as hirers of all types of aircrafts vide Clause 78 of the Memorandum of Association of the Company. Approval of the shareholders is solicited to enable the Company to commence the business stated in the 'Other Objects' clause of the Memorandum of Association. The Company has commenced the activity of hiring the aircrafts on experimental basis, after obtaining the above approval. Your directors expect some income from this activity. Approval of the members is sought for this action of the Board of Directors of having commenced the business activity of hiring the aircrafts since October 2010.

None of the Directors of the Company has any personal material pecuniary interest in passing the above resolution except to the extent of being shareholders of the Company.

By Order of the Board of Directors

Smita Raichurkar

Asst. Company Secretary

Place: Pune

Date: 13 May 2011



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KIRLOSKAR OIL ENGINES LIMITED

Registered Office : Laxmanrao Kirloskar Road, Khadki, Pune - 411 003.

Dear Shareholder,

Subject : Green Initiative - Registration of E-mail address

This is to inform you that as a part of "Green Initiative in the Corporate Governance", the Ministry of Corporate Affairs vide its circular Nos.17/2011 and 18/2011 dated 21.04.2011 and 29.04.2011, respectively; has permitted the companies to serve the documents viz. annual reports, notices of general meetings/ postal ballot, other documents etc. to the members through electronic mode.

In order to support this "Green Initiative", we are pleased to serve the above referred documents to you through electronic mode. This will also ensure prompt receipt of communication and avoid loss in postal transit.

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

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

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

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

Yours faithfully,
For **Kirloskar Oil Engines Limited**

Sd/-
Smita A. Raichurkar
Asst. Company Secretary

Place: Pune
Date: 2 June 2011

REGISTRATION OF E-MAIL ADDRESS FORM

(In terms of circular Nos.17/2011 and 18/2011 dated 21.04.2011 and 29.04.2011, respectively issued by Ministry of Corporate Affairs)

(For shares in physical mode)

Link Intime India Private Limited

Unit : Kirloskar Oil Engines Limited
Akshay Complex, Block No.202,
Near Ganesh Temple,
Off Dhole Patil Road,
Pune 411 001

I/we shareholder(s) of Kirloskar Oil Engines Limited hereby accord my/our approval to receive documents viz. annual reports, notices of general meetings/ postal ballot, other documents etc. in electronic mode.

I/we request you to note my/our latest email address, as mentioned below. If there is any change in the E-mail address, I/we will promptly communicate the same to you. I/we attach the self attested copy of PAN Card / Passport towards identification proof for the purpose of verification.

Folio No./DP ID and Client ID	
Name of first/sole shareholder	
Name of joint shareholder(s) if any	
Registered Address	
E-mail address (to be registered)	

Place :

Date :

(Signature of shareholder)

Note: This form is available on Company's website www.kirloskar.com

(For shares in dematerialized mode)

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