



KIRLOSKAR INDUSTRIES LIMITED
ANNUAL REPORT 2010 - 2011

Enriching Lives



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.

Annual Report for the financial year ended on 31 March 2011

BOARD OF DIRECTORS

Mr. Atul C. Kirloskar Chairman (Managing Director up to 22 October 2010)
Mr. Nihal G. Kulkarni Managing Director (w.e.f. 23 October 2010)
Mr. Vikram S. Kirloskar
Mr. A. N. Alawani
Mr. V. K. Bajhal
Mr. S. N. Inamdar
Mr. A. R. Sathe

COMPANY SECRETARY

Ms. Aditi Chirmule

AUDITORS

M/s. Dalal & Shah, Chartered Accountants

BANKERS

HDFC Bank Limited

REGISTRAR & TRANSFER AGENT

Link Intime India Private Limited
Block No. 202, 2nd Floor, Akshay Complex
Near Ganesh Temple
Off Dhole Patil Road, Pune 411 001
Tel.: +91 (20) 2605 3503
Fax: +91 (20) 2605 1629
Email: pune@linkintime.co.in

REGISTERED OFFICE

13/A, Karve Road, Kothrud, Pune 411 038
Tel.: +91 (20) 2545 2721
Fax: +91 (20) 2545 4723
Email: investorrelations@kirloskar.com
Website: www.kirloskar.com

LOCATION OF FACTORIES

Tirade Village, Tal.- Akole, Dist.- Ahmednagar

Information for shareholders

Annual General Meeting
Day & Date : Friday, 22 July 2011
Time : 2.00 P.M.
Venue : S. M. Joshi Socialist Foundation
(S. M. Joshi Hall)
S. No. 191/192, Navi Peth
Near Ganjave Chowk
Pune 411 030
Proposed Dividend : 25% (₹ 2.50 per share of ₹ 10/- each)
Dates of Book Closure : 15 July 2011 to 22 July 2011
(both days inclusive)

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Decade at a glance

(Rupees in Millions)											
Sr. No.	Particulars	2010-11	2009-10*	2008 -09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
1	Net Sales	41	47	21,100	21,564	18,830	13,953	11,486	10,025	8,639	7,430
2	Profit Before Tax	602	422	1,805	1,874	2,395	2,460	2,013	1,056	383	274
3	Profit After Tax	553	387	1,159	1,190	1,784	2,006	1,739	708	415	186
4	Dividend Amount	24	*** 291	194	388	388	388	243	194	97	67
5	Dividend (%)	25	*** 75	50	100	200	200	125	100	50	35
6	Earning Per Share (Rs.)**	57	40	6	6	18	21	18	7	4	2
7	Book Value Per Share (Rs.)**	548	493	49	47	88	74	58	43	38	38
8	Share Capital	97	97	388	388	194	194	194	194	194	192
9	Reserves and Surplus	5,215	4,689	9,212	8,762	8,319	6,990	5,427	3,963	3,476	3,445
10	Shareholders' Funds	5,312	4,786	9,601	9,150	8,513	7,184	5,621	4,157	3,670	3,637
11	Loan Funds	-	-	3,490	3,429	1,063	670	517	297	370	1,082
12	Total Capital Employed	5,312	4,786	13,091	12,579	9,577	7,854	6,138	4,454	4,040	4,719
13	Gross Block	439	431	9,924	9,213	5,305	4,834	4,215	3,864	3,902	3,716
14	Net Block	265	288	6,730	7,109	3,322	1,922	1,447	1,295	1,414	1,392
15	Net Current Assets	581	299	1,959	1,003	1,245	1,030	974	1,195	914	1,281

* The Engines and Auto – components Divisions of the Company have been transferred to Kirloskar Engines India Ltd. (KEIL) on 31 March 2010, under a Scheme of Arrangement, to vest in KEIL from the Appointed Date, i.e. 1 April 2009.

** The equity share of Rs. 10/- each was sub-divided into 5 equity shares of Rs. 2/- each w.e.f. 18 August 2005. Previous years' figures have been reworked to make them comparable. Under the Scheme of Arrangement, after reduction of share capital in terms of said Scheme, 5 equity shares of Rs. 2/- each have been consolidated into 1 equity share of Rs. 10/- each.

*** Interim Dividend paid in February 2010.

Directors' Report

To the Members,

The Directors have pleasure in presenting this Report with audited annual accounts of the Company for the year ending 31 March 2011.

Issue of Shares pursuant to the Scheme of Arrangement of Demerger and Relisting on Stock Exchanges:

Pursuant to the Scheme of Arrangement of Demerger between the Company and Kirloskar Engines India Limited (now known as Kirloskar Oil Engines Limited) (KEIL), 97,08,650 equity shares of Rs. 10/- each were issued on 30 April 2010 to all those members of the Company, who were holding shares as on the Record Date i.e. 22 April 2010. The equity shares were issued to every member of the Company in the ratio, for example holding 20 equity shares of Rs. 2/- each in the Company as on the Record Date, 15 new equity shares of Rs. 2/- each in KEIL and 1 new equity share of Rs. 10/- each, credited as fully paid up in the Company.

The trading in the new equity shares of the Company recommenced on both the Stock Exchanges with effect from 24 June 2010.

Payment of Fractional Entitlements:

Pursuant to the Scheme of Arrangement for Demerger, the fractional entitlements arising out of the issue of shares under the said Scheme were consolidated into 5,585 equity shares of Rs. 10/- each. These shares were sold in the open market at an average price of Rs. 348.20. 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.

Shifting of Registered Office of the Company:

Registered Office of the Company has been shifted from Laxmanrao Kirloskar Road, Khadki, Pune 411 003 to 13/A, Karve Road, Kothrud, Pune – 411038 with effect from 1 November 2010.

Financial Performance:

Particulars	2010-2011 Rs. in 000's	2009-2010 Rs. in 000's
Total Income	688,865	507,365
Total Expenditure	86,820	85,649
Profit before exceptional items & taxation	602,045	421,716
Profit before taxation	602,045	421,716
Provision for tax (including Deferred Tax)	48,688	34,789
Net Profit	553,357	386,927
Balance of Profit / (Loss) from previous year	1,668,771	1,661,297
Surplus available for appropriation	2,222,128	2,048,224

Appropriations:

Your Directors propose to appropriate the available surplus as follows:

	Rs. in 000's	Rs. in 000's
Proposed Dividend	24,272	-
Interim Dividend	-	291,260
Tax on proposed dividend	3,937	49,500
Transfer to General Reserve	55,336	38,693
Balance carried to Balance Sheet	2,138,583	1,668,771

Dividend:

Your Directors recommend a dividend of 25% (Rs. 2.50 per equity share of Rs. 10/- each) (previous year dividend was 75% i.e. Rs.1.50 per equity share of Rs. 2/- each) for the financial year ended 31 March 2011.

Classification of the Company as a Core Investment Company - Non Banking Financial Company (CIC NBFC):

Your Company is having financial assets which amount to more than 50 percent of its total assets and its financial income is also more than 50% of its gross income. In view of this, the Company becomes a Non Banking Financial Company (NBFC) as per the guidelines issued by the Reserve Bank of India (RBI) in this regard.

In terms of the newly issued Guidelines by the RBI for Core Investment Companies (CIC) your Company meets the parameters for being classified as a CIC NBFC and is exempt from registration with the RBI.

Management Discussion and Analysis:

The Company has seven windmills in Maharashtra with total installed capacity of 5.6 MW, located at Tirade Village, Tal-Akole, Dist. - Ahmednagar. Operational performance of windmills is commented upon in this Management Discussion and Analysis.

Operations of the Company:**Windmills:**

The Company has seven windmills in Maharashtra with total installed capacity of 5.6 MW. The Mills are located at Tirade Village, Tal-Akole, Dist. - Ahmednagar. The windmills have generated net wind energy of 78.95 lakhs units of electricity in the year under review as against 89.64 lakhs units of electricity in the previous year. The decline was due to machine performance issues with the service providers, unfavorable weather conditions and shut-down of one windmill for repairs in August 2010. These units of electricity generated were captively consumed by the Company before the Scheme of Arrangement came into effect. On the coming into effect of the Scheme, in the year under review, the Company approached Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) requesting an amendment to the Wind Energy Wheeling and Banking Agreement permitting sale of such units to Kirloskar Oil Engines Ltd. (KOEL) which has been entered into as on the date of this Report.

Others:

The Company owns land and buildings thereon in Pune, and apartments and offices in Mumbai, Bangalore, New Delhi and Jaipur. The Company continues the lease and license arrangements in respect of most of these land and buildings, and apartments / offices, with Kirloskar Oil Engines Ltd. (KOEL) and other companies in the Group.

The Company has invested Rs. 450 crores (previous year Rs. 175 crores) in the equity shares of various companies, which are mainly Group companies.

During the year under review, your Company acquired equity shares of Kirloskar Brothers Limited (KBL). Pursuant to the said acquisition, the Company's holding in KBL has been increased from 10.42% to 23.93%.

The Company sold its investments in Housing Development Finance Corporation Ltd. (HDFC). The proceeds from the said sale have been placed as fixed deposits with scheduled commercial banks. The total amount placed as fixed deposits as on 31 March 2011 is Rs. 67 crores.

Company Performance:

During the year under review, your Company achieved an income of Rs. 68.9 crores (previous year Rs. 50.7 crores).

The profit before tax is Rs. 60.2 crores (previous year Rs. 42.2 crores) after providing for depreciation of Rs. 3.1 crores (previous year Rs. 3.1 crores).

Human Resources:

The total number of employees as on 31 March 2011 are 6.

Concerns and Threats:

Following are the identified risk/ concerns and threats for the operations of the Company.

- Natural calamities like cyclones, earth quake and fire or act of God may damage the windmills.
- Agitation by the local people against the operation of wind mills.
- Major maintenance due to failure of important components of the windmills.
- Disturbances and failure in the Maharashtra State Electricity Distribution Company Limited grid.
- Delay in registration of the Company's project for Voluntary Credit Scheme resulting in delay in obtaining the benefits from sale of such Voluntary Emission Reduction certificates.

Prospects:

Wind energy generation is largely dependent on natural factors such as velocity of wind, continuity of the flow, etc. and therefore cannot be commented upon. However, in addition to unit generation, the Company may also get the benefits of Renewable Energy Certificate Mechanism and Clean Development Mechanism benefits under the Voluntary Carbon Scheme (VCS). The Company has already made a detailed submission to authorised validator for registration of the project under VCS and obtaining Voluntary Emission Reduction (VER). The registration process as well as generation of VER is expected to be completed during the year. Your Company expects to receive additional monetary benefits from the sale of such VER.

Internal Control Systems and their adequacy:

Renowned auditing firms continue to conduct the Internal Audits of the business of the Company. The internal audit program is designed to ensure extensive review of the business of the Company and is not restricted only to a review of finance and accounting functions. The Internal Auditors also check, validate and report on the internal controls in place in the areas covered during the audit.

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.

SEBI Regulations & Listing Fees:

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

Directors:

Mr. Atul C. Kirloskar resigned as Managing Director of the Company with effect from the close of business hours of 22 October 2010. However, he continues to be the Director and Chairman of the Company.

Mr. Nihal G. Kulkarni has been appointed as Managing Director of the Company for a period of 5 years with effect from 23 October 2010. A proposal for his appointment as Managing Director and remuneration payable to him is being placed before the members for their approval at the ensuing Annual General Meeting.

Mr. Atul C. Kirloskar and Mr. Vikram Kirloskar retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

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 the Annual Report.

Auditors:

The Statutory Audit of the accounts of the Company is currently carried out by M/s. Dalal & Shah, Chartered Accountants, Mumbai (Firm Registration Number 102021W).

You are requested to appoint M/s. G. D. Apte & Co., Chartered Accountants, Pune (Firm Registration Number 100515 W) 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. G. D. Apte & Co., Chartered Accountants, Pune.

Fixed / Public Deposit:

Your Company has not accepted any public deposits during the year.

Statutory Disclosures:

(A) Conservation of Energy and Technology Absorption

The Company has no particulars to report regarding conservation of energy, technology absorption as required under Section 217 (1) (e) of the Companies Act, 1956 read with the Rules thereunder.

(B) Foreign Exchange Earnings and Outgo

i. Total Foreign exchange used	Rs. 342,143/-
ii. Total Foreign exchange earned	Rs. 392,380/-

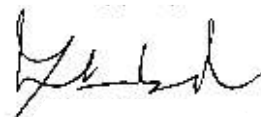
Particulars of Employees:

Pursuant to the Central Government Notification dated 31 March 2011, the Company has no particulars as required under the provisions of sub-section (2A) of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

Acknowledgments:

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

For and on behalf of the Board of Directors



ATUL C. KIRLOSKAR
Chairman

Date: 26 April 2011
Place: Pune

Report on Corporate Governance

(Pursuant to Clause 49 of the Listing Agreement)

I. Company's philosophy on Code of Corporate Governance

The Company's philosophy of Corporate Governance aims at establishing and practicing a system of good corporate governance which will assist the management in managing the Company's business in an efficient and transparent manner towards fulfilling the corporate objectives and to meet the obligations and best subserve the interests of the stakeholders.

II. Board of Directors

a. Composition of the Board

As on 31 March 2011, the strength of the Board was seven directors, comprising of one Executive Director being the Managing Director and six Non-Executive Directors. Four out of the seven Directors were Independent Directors, which duly complies with the requirement of Clause 49 of the Listing Agreement.

b. Number of Board Meetings

During the financial year under review, four Board Meetings were held on 14 May 2010, 28 July 2010, 22 October 2010 and 27 January 2011.

c. Directors' attendance record and directorships held

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 2010-2011 and the Annual General Meeting (AGM) held on 28 July 2010, 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 shares held by Non-Executive Directors	Number of Directorships held in other public limited companies	Number of Committee positions held in other public limited companies**		Attendance at meetings	
				Chairman	Member	Board	AGM
	Executive Directors						
1	Mr. Nihal G. Kulkarni*/##	-	4	-	4	4	Present
	Non-Executive Directors						
2	Mr. Atul C. Kirloskar*/###	2,57,427	6	1	-	4	Present
3	Mr. Vikram S. Kirloskar*	4,632	5	-	1	2	Absent
	Independent and Non-Executive Directors						
4	Mr. A.N. Alawani	2,285	6	1	3	4	Present
5	Mr. S.N. Inamdar	1,432	10	4	3	3	Absent
6	Mr. A.R. Sathe	Nil	5	Nil	3	4	Present
7	Mr. V.K. Bajhal	Nil	Nil	Nil	Nil	3	Present

Notes:

- * Deemed as Promoters within the meaning of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997.
 - ** For this purpose only Audit and Investor's Grievance Committee of the Public Limited Companies are considered.
 - # Appointed as Managing Director of the Company, for a period of 5 years with effect from 23 October 2010.
 - ## Resigned as Managing Director of the Company with effect from the close of the working hours of 22 October 2010. He continues as Director and Chairman of the Board.
- Directorships in private limited companies, foreign companies and companies under Section 25 of the Companies Act, 1956 are excluded in the above table.
- As on 31 March 2011, none of the current directors are related to each other within the meaning of Section 6 of the Companies Act, 1956.

d. Information supplied to the Board

Among others, this includes:

- review of Annual Operating Plans of business, capital budgets, updates;
- quarterly results of the Company and its operating divisions or business segments;
- materially important show cause, demand, prosecution and penalty notices;
- fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
- any material relevant default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company;
- any issue, which involves possible public or product liability claims of substantial nature;
- details of any joint venture or collaboration agreement;
- significant labour problems and their proposed solutions;
- significant development in human resources and industrial relation fronts;
- 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.

III. Audit Committee

a. Composition

The Audit Committee comprises of three Non - Executive Directors and the Managing Director, majority of who are Independent. The Company Secretary acts as the Secretary of the Committee. The Head - Finance also attends the Audit Committee meetings. The representatives of the Internal Auditors and Statutory Auditors are invited to the meetings.

During the financial year under review, four meetings of the Committee were held on 14 May 2010, 28 July 2010, 22 October 2010 and 27 January 2011. The composition of the Committee and attendance at its meetings is given below:

Sr. No.	Name of the Member Director	Number of meetings attended
1.	Mr. Anil Alawani (Chairman) - Independent	4
2.	Mr. Nihal Kulkarni - Managing Director \$	4
3.	Mr. S.N. Inamdar - Independent	3
4.	Mr. A. R. Sathe - Independent	4

\$ Appointed as Managing Director with effect from 23 October 2010.

b. Terms of Reference

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:

- Oversee the Company's financial reporting process and disclosures of financial information to ensure that the financial statement is sufficient and credible.
- 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.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow up there on.
- Reviewing the annual financial statements before submission to the Board, with particular reference to:
 - a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause 2AA of section 217 of the Companies Act, 1956.
 - 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.
- Review Auditor's report, internal controls and recommendations relating thereto.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- 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.
- 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.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower mechanism, in case the same exists.
- 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.
- 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 the Companies Act, 1956.

IV. Remuneration Committee**a. Composition**

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

b. Remuneration to Directors

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) to its Managing Director. The Board also decides the commission payable to the Managing Director on determination of the profits for the Financial Year, within the ceilings prescribed under Sections 198 and 309 of the Companies Act, 1956.

The Board of Directors decides the remuneration to Non-Executive Directors by way of Commission, based on their attendance and contribution at the meetings. The members at the Annual General Meeting of the Company held on 22 July 2006, 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.

C. Details of the remuneration paid to Directors during the financial year 2010-2011

Amount in Rs.

Sr. No.	Name of Director	Basic Salary	Allowances	Perquisites	Sitting Fees	Commission	Total
1.	Executive Directors Mr. Nihal Gautam Kulkarni #	18,43,334	5,26,667	7,21,313	-	50,00,000	80,91,314
	Non Executive Directors						
2.	Mr. Atul C. Kirloskar ##	-	-	-	10,000	10,000	20,000
3.	Mr. Vikram S. Kirloskar	-	-	-	20,000	20,000	40,000
4.	Mr. V. K. Bajhal	-	-	-	30,000	30,000	60,000
5.	Mr. A. N. Alawani	-	-	-	1,00,000	1,00,000	2,00,000
6.	Mr. S. N. Inamdar	-	-	-	60,000	60,000	1,20,000
7.	Mr. A. R. Sathe	-	-	-	1,00,000	1,00,000	2,00,000
8.	Mr. Nihal G. Kulkarni ###	-	-	-	70,000	70,000	1,40,000
	Total	18,43,334	5,26,667	7,21,313	3,90,000	53,90,000	88,71,314

Appointed as Managing Director of the Company, for a period of 5 years with effect from 23 October 2010.

Resigned as Managing Director of the Company with effect from the close of the working hours of 22 October 2010. He continues as Director and Chairman of the Board.

Sitting fees and Commission paid in the capacity of Non-Executive Director upto 22 October 2010.

Notes

- Allowances include House Rent Allowance.
- Perquisites include contributions to provident fund and superannuation fund, provision for gratuity and leave encashment and perquisite value as per Income-tax Rules for motorcar.

V. 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 Mr. A. N. Alawani, an Independent Director, with Mr. Nihal Kulkarni, Managing Director and Mr. A. R. Sathe being the other members of the Committee. Mr. Atul Kirloskar was member of the Committee up to 22 October 2010. Mr. Nihal Kulkarni was appointed as a member of the Committee w.e.f. 23 October 2010.

Ms. Aditi Chirmule, Company Secretary, is the Compliance Officer.

The Compliance Officer can be contacted at:

Kirloskar Industries Limited

13/A, Karve Road, Kothrud,

Pune - 411 038

Tel: 020 25452721 Fax: 020 25454723

E-mail: Aditi.Chirmule@kirloskar.com

The total numbers of complaints received and replied to the satisfaction of the shareholders during the year ended 31 March 2011 were 16 and there were no complaints outstanding as on 31 March 2011.

The Company had no share transfer requests pending as on 31 March 2011.

VI. General Body Meetings

Previous General Meetings of the shareholders of the Company were held as under -

Financial Year	Date	Type of Meeting	Venue	Time
2009-10	28 July 2010	Annual General Meeting	Hotel Le Meridien, Raja Bahadur Mill Road, Pune 411 001	11.00 a.m.
2008-09	18 July 2009	Annual General Meeting	Kirloskar Kisan Premises, 13A, Karve Road, Kothrud, Pune 411 038	11.00 a.m.
2008-09	13 June 2009	Court convened Meeting of shareholders of the Company	Kirloskar Kisan Premises, 13A, Karve Road, Kothrud, Pune 411 038	9.30 a.m.
2007-08	17 July 2008	Annual General Meeting	Hotel Le Meridien, Raja Bahadur Mill Road, Pune 411 001	11.00 a.m.

In the previous General Meetings, Special Resolutions were passed by the shareholders in respect of the following matters-

- Increase in Authorised Share Capital
- Approval to the Scheme of Arrangement with corrected Schedule 'B', between Kirloskar Oil Engines Limited and Kirloskar Engines India Limited.
- Reduction and Consolidation of Share Capital.

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

VII 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. 12B of Schedule 14 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, during the last three years. 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.
- The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement. The extent of adoption of non-mandatory requirements is as follows –

Non-Mandatory Requirements:

1. Shareholder Rights

Since the Company publishes its quarterly results in newspapers (English and Marathi) having wide circulation, and since 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.

2. Audit qualifications

There are no qualifications on the Financial Statements of the Company for the year ended 31 March 2011.

VII. Particulars of Appointment / Re-appointment of Non – Executive / Executive Directors

Mr. Atul C. Kirloskar

Mr. Atul C. Kirloskar began his career with the erstwhile Kirloskar Cummins Limited in the year 1978, where he started as a trainee. In December 1981, he was appointed as the Chief Executive of Cummins Diesel Sales & Services.

On 1 November 1984, he was appointed as the Executive Vice President of Kirloskar Industries Limited (KIL), earlier known as Kirloskar Oil Engines Ltd. He was co-opted on the Board of KIL on 6 August 1985 wherein he took over as the Managing Director. In 1988, he was appointed as Vice Chairman of KIL and held the position till 25 July 1998 when he was elected Chairman of the Board of KIL. He resigned as Managing Director of KIL with effect from the close of working hours on 22 October 2010. He is currently Managing Director of Kirloskar Oil Engines Ltd. (earlier known as Kirloskar Engines India Ltd.)

He is a member of the World Economic Forum. He has served as President of MCCIA from September 2002 to September 2004, and is Chairman of CII National Committee of Defence since 2000.

Mr. Atul C. Kirloskar is a Director in the following other companies:

Kirloskar Ferrous Industries Limited @	G. G. Dandekar Machine Works Limited
Kirloskar Oil Engines Limited (Earlier known as Kirloskar Engines India Limited)	Kirloskar Brothers Investments Limited
GreenTek Systems (India) Ltd.	Five Star Bulkcarriers Private Limited
Kirloskar Proprietary Limited	Navsai Investments Private Limited
Toyota Kirloskar Motor Private Limited	Kirloskar Kenya Limited, Nairobi, Kenya
Asara Sales and Investments Private Limited	

@ Shareholders'/Investors' Grievance Committee – Chairman

He holds 2,57,427 (2.65%) equity shares in the Company.

Mr. Atul C. Kirloskar is not related to any other director on the Board of the Company as per provisions of Section 6 of the Companies Act, 1956.

Mr. Vikram S. Kirloskar

Mr. Vikram Shreekant Kirloskar graduated from Massachusetts Institute of Technology in the USA, with a Bachelor of Science in Mechanical Engineering and has been trained in various companies in India and abroad in different capacities. He is responsible for setting up successful Joint Venture Companies like Kirloskar Toyoda Textile Machinery Private Limited, Toyota Kirloskar Motor Private Limited and Toyota Kirloskar Auto Parts Private Limited.

Mr. Vikram S. Kirloskar is a Director in the following other companies:

Kirloskar Brothers Limited	Kirloskar Pneumatic Company Limited
Kirloskar Systems Limited**	Kirloskar Technologies Private Limited
Kirloskar Toyoda Textile Machinery Private Limited*	Toyota Kirloskar Auto Parts Private Limited**
Toyota Kirloskar Motor Private Limited**	VikramGeet Investments and Holdings Private Limited
Toyota Tsusho Insurance Broker India Private Limited	Quadrant Communications Ltd.
Kirloskar Proprietary Limited	Denso Kirloskar Industries Pvt. Ltd.**
Asara Sales & Investments Pvt. Ltd.	Takshasila Healthcare and Research Service Pvt. Ltd.

* Audit Committee – Chairman

** Audit Committee – Member

He holds 4,632 (0.05%) equity shares in the Company.

Mr. Vikram S. Kirloskar is not related to any other director on the Board of the Company as per provisions of Section 6 of the Companies Act, 1956.

Mr. Nihal G. Kulkarni

Mr. Nihal G. Kulkarni, Director is being appointed as the Managing Director of the Company, for a period of five years from 23 October 2010 on the terms of remuneration as set out in Item No. 6 of the Notice.

Mr. 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 Company Ltd. up to 22 October 2010. He is currently the Managing Director of Kirloskar Industries Limited. He is also 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 Investments Pte. Ltd., a wholly owned subsidiary of G. G. Dandekar Machine Works Ltd., incorporated in Singapore.

Mr. Nihal G. Kulkarni is a Director in the following other companies:

G. G. Dandekar Machine Works Limited	Kirloskar Consultants Limited
G. G. Dandekar Investments Pte. Ltd.	Kirloskar Oil Engines Limited (earlier known as Kirloskar Engines India Limited)
Kirloskar Brothers Investments Limited	

His Shareholding in the Company is Nil.

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

Means of Communication

- a. The Quarterly and Half Yearly results are published in national and local dailies, namely Business Standard (English) and Loksatta (Marathi), having wide circulation. Since the results of the Company are published in the newspapers, half yearly reports are not sent individually to the shareholders.
- b. The Company's results are displayed on the Company's website namely www.kirloskar.com.
- c. The Management Discussion and Analysis Report forms part of this Annual Report.

X. General Shareholder Information

a) Annual General Meeting

Date and Time	22 July 2011 at 2.00. p.m.		
Venue	S. M. Joshi Socialist Foundation (S.M. Joshi Hall), S. No. 191/192, Navi Peth, near Ganjave Chowk, Pune 411 030		
Financial Year	1 April 2010 to 31 March 2011 During the year the results were announced as under: First quarter : 28 July 2010 Second quarter : 22 October 2010 Third quarter : 27 January 2011 Annual : 26 April 2011		
Date of Book Closure	15 July 2011 to 22 July 2011 (Both days inclusive)		
Dividend payment date	On or before 17 August 2011		
Listing on stock exchanges (Stock Code)	Sr. No.	Name of the Stock Exchange	Stock Code
	1.	Bombay Stock Exchange Limited (BSE), Mumbai	500243
	2.	National Stock Exchange of India Limited (NSE), Mumbai	KIRLOSIND

b) Market Price Data

Monthly high/low during the year 2010-2011 on the BSE and NSE:

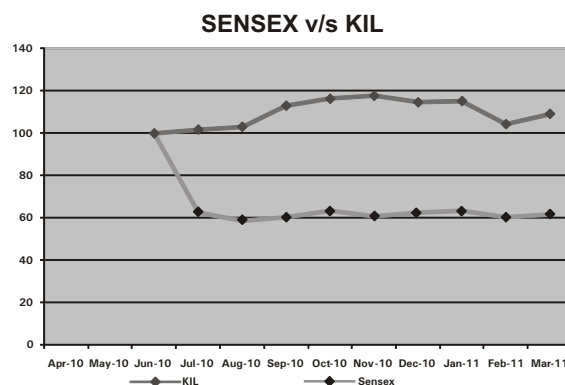
Stock Exchange	Bombay Stock Exchange Limited		National Stock Exchange of India Limited	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2010	178.00	157.10	178.00	164.05
May 2010	*-----	-----	*-----	-----
June 2010	650.75	355.00	879.00	240.00
July 2010	405.50	360.00	403.80	358.15
August 2010	380.00	322.50	376.00	313.60
September 2010	390.00	327.00	392.00	330.15
October 2010	412.50	345.10	399.95	346.00
November 2010	395.00	360.05	397.00	355.10
December 2010	407.00	355.00	406.60	355.10
January 2011	410.00	350.00	398.85	364.15
February 2011	391.35	321.00	388.85	318.05
March 2011	400.70	311.20	399.90	316.20

* The new shares were issued to the existing shareholders of the Company on reduction and reorganization of the share capital, pursuant to the Scheme of Arrangement. The trading in the shares of the Company was suspended by the National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE) with effect from 21 April 2010, to facilitate this issue. The trading in the new shares has recommenced on both the Stock Exchanges with effect from 24 June 2010.

c) Distribution of Shareholding

SHARE HOLDING OF NOMINAL VALUE OF Rs.	Rs.	SHAREHOLDERS		SHARE AMOUNT	
		Number (2)	% to Total (3)	In Rs (4)	% to Total (5)
Upto	5,000	28,398	98.4845	72,78,140	7.4966
5001 -	10,000	242	0.8393	17,58,110	1.8109
10,001 -	20,000	92	0.3191	12,89,020	1.3277
20,001 -	30,000	39	0.1353	9,45,290	0.9737
30,001 -	40,000	12	0.0416	4,22,720	0.4354
40,001 -	50,000	13	0.0451	6,03,300	0.6214
50,001 -	1,00,000	17	0.0590	12,88,220	1.3269
1,00,001 and above		22	0.0763	8,35,01,390	86.0075
TOTAL		28,835	100.0000	9,70,86,190	100.0000

d) # Performance of the Company's scrip on the BSE as compared to the BSE SENSEX:



As per note given above under point b).

e) Shareholding Pattern

Sr. No.	Category	No. of shares	%
1	Promoters	6,223,541	64.10
2	Mutual Funds/UTI	3,559	0.04
3	Banks/Financial Institutions and Insurance Companies	515,301	5.31
4	Other Bodies Corporate	129,493	1.33
5	Foreign Institutional Investors	14,97,301	15.42
6	Clearing Members	4,768	0.05
7	NRI	29,551	0.30
8	General Public	13,05,105	13.45
TOTAL		97,08,619	100.00

- f) 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. Ltd., Kirloskar Brothers Investments Ltd., 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. Ltd., Kirloskar Consultants Limited, GreenTek Systems (India) Ltd., 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, Alpana Kirloskar, Alika 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.

g) Registrar and Transfer Agent

The entire work of the Company, relating to processing of transfer of shares has been given to an outside agency i.e. Link Intime India Private Limited (Formerly known as Intime Spectrum Registry Limited) being a SEBI Registered R & T Agent. The contact details are as follows -

Link Intime India Private Limited	Block No. 202, 2nd Floor, Akshay Complex, Off Dhole Patil Road, Pune – 411 001 Tel: (020) 26051629
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h) Share Transfer System

- The applications for transfer of shares lodged at the Company's Registrar and 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 Transfer Agent will issue share certificate to the concerned shareholder within 30 days of receipt of certificate for transfer. Shares under objection are returned within a week's 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.

i) Dematerialization of shares and liquidity

As on 31 March 2011, 94,23,740 equity shares being 97.07% of the total equity share capital of the Company were held in dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The International Securities Identification Number (ISIN) allotted to the Company's equity shares is INE250A01039.

j) **Outstanding GDR/ADR/Warrants or any convertible instruments, conversion date and impact on equity** : Not applicable.

k) **Location of Windmills:**

7 Windmills owned by the Company are located at Tirade Village, Tal-Akole, Dist. Ahmednagar.

l) **Address for correspondence**

Shareholders' correspondence should be addressed to Link Intime India Private Limited, Registrar and Transfer Agent, at the address mentioned above. Shareholders can also email their queries/grievances to the following email address:
investorrelations@kirloskar.com

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 Shareholders,

I, Nihal G. Kulkarni, Managing Director of the Company, do hereby declare that all the Board Members & Senior Management personnel have affirmed compliance with the Code of Conduct for the Board of Directors & Senior Management of Kirloskar Industries Ltd. (earlier known as Kirloskar Oil Engines Limited) made effective from April 1, 2005.

Place: Pune
Date: 26 April 2011



Nihal G. Kulkarni
Managing Director

Disclosure pursuant to amended Clause 5A II of the Listing Agreement

The Securities and Exchange Board of India (SEBI) vide its circular dated 16 December 2010, effected certain amendments to the Equity Listing Agreement. By inserting the new Clause 5A II, certain provisions have been introduced, containing uniform procedure for dealing with unclaimed shares.

Pursuant to the said Clause, the Company had sent first reminder on 30 March 2011 to all those shareholders, whose shares remained unclaimed with the Company, requesting them to forward correct addresses to avoid transfer of such unclaimed shares to the "Unclaimed Suspense Account". The Company will be sending second and third reminders in due course.

The Company is awaiting responses from the shareholders based on such communication.

Total number of unclaimed shares as on 31 March 2011 were 47,749.

**TO THE MEMBERS OF KIRLOSKAR INDUSTRIES LIMITED
CERTIFICATE BY THE AUDITORS ON CORPORATE GOVERNANCE**

We have examined the compliance of conditions of Corporate Governance by Kirloskar Industries Limited, for the year ended 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with stock exchange(s) in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

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

Place : Mumbai
Date : 26 April, 2011

Anish Amin
Partner
Membership Number. 40451

AUDITORS' REPORT TO THE MEMBERS OF KIRLOSKAR INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of Kirloskar Industries Limited (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

Mumbai
26 April, 2011

Anish Amin
Partner
Membership Number: 40451

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Kirloskar Industries 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 the physical inventory 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 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, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
3. 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 fixed assets and for the sale of 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.
4. (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.
5. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
6. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
7. We have broadly reviewed the books of account maintained by the Company in respect of Windmill 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 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.
8. (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 dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act,	Denial Of Service Tax Credit taken	128,000	2006-07	Assistant Commissioner Nasik.

9. The Company has no accumulated losses as at 31st March, 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
10. 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.
11. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
12. 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.
13. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
14. The Company has not obtained any term loans.
15. 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.
16. 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.
17. The Company has not issued any debentures during the year.
18. The Company has not raised any money by public issues during the year.
19. 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.
20. Considering the nature of the business conducted by the Company, the other clauses, viz, (ii), (iii) (b), (c), (d), (f) and (g), and (xiii) of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the Company for the current year, and hence in our opinion there is no matter which arises to be reported in the aforesaid clauses of the order.

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

Anish Amin
Partner
Membership Number : 40451

Mumbai
26 April 2011

BALANCE SHEET AS AT 31 MARCH 2011

		Rs. in 000's	
		As at	As at
		31 March 2011	31 March 2010
I.	SOURCES OF FUNDS		
	1. Shareholders' funds		
	[a] Share Capital	97,087	97,087
	[b] Reserves and surplus	5,214,537	4,689,389
		<u>5,311,624</u>	<u>4,786,476</u>
	2. Deferred Tax Adjustment (See note no. 15)		
	[a] Deferred tax Liability	56,884	56,829
	[b] Deferred tax Asset	524	357
		<u>56,360</u>	<u>56,472</u>
	Total	<u><u>5,367,984</u></u>	<u><u>4,842,948</u></u>
II.	APPLICATION OF FUNDS		
	1. Fixed assets		
	[a] Gross block	439,140	431,478
	[b] Less: depreciation	<u>173,943</u>	<u>143,396</u>
	[c] Net block	<u>265,197</u>	<u>288,082</u>
	2. Investments	4,521,423	4,256,082
	3. Current assets, loans and advances		
	[a] Sundry debtors	2,799	193,581
	[b] Cash and bank balances	693,349	197,278
	[c] Other current assets	5,260	7,225
	[d] Loans and advances	37,361	100,181
		<u>738,769</u>	<u>498,265</u>
	Less: Current liabilities and provisions		
	[a] Liabilities	127,579	145,165
	[b] Provisions	<u>29,826</u>	<u>54,316</u>
		<u>157,405</u>	<u>199,481</u>
	Net current assets	<u>581,364</u>	<u>298,784</u>
	Total	<u><u>5,367,984</u></u>	<u><u>4,842,948</u></u>
	Notes forming part of the Financial Statements	14	

As per our attached report of even date.

For and on behalf of the Board of Directors.

For DALAL & SHAH
Firm Registration number 102021W
Chartered Accountants

NIHAL G. KULKARNI
Managing Director

A.N. ALAWANI
Director

ANISH AMIN
Partner
Membership Number: 40451

GIRISH S. PATNEKAR
Head - Finance

ADITI CHIRMULE
Company Secretary

Mumbai : 26 April 2011

Pune : 26 April 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011

	SCHEDULE	2010-11	Rs.in 000's 2009-10
INCOME			
Operating income			
- Income from windpower generated		41,388	46,601
Other Income	11	647,477	460,764
TOTAL INCOME		688,865	507,365
EXPENDITURE			
Employee Cost	12	16,169	17,423
Operating and Other Expenses	13	40,103	37,736
Depreciation		30,548	30,490
TOTAL EXPENDITURE		86,820	85,649
Profit Before Taxation		602,045	421,716
Provision for taxation			
Current Tax (including Wealth Tax Rs. 20,00,000/-, Previous Year 18,50,000/-)		81,000	54,850
Deferred Tax (See note no. 15)		(112)	(20,061)
MAT credit available for set-off		(32,200)	-
		48,688	34,789
Profit for the year after taxation		553,357	386,927
As per last account		1,668,771	1,661,297
		2,222,128	2,048,224
Less :			
Transferred to general reserve		55,336	38,693
Interim Dividend		-	291,260
Tax on Interim Dividend		-	49,500
Proposed Dividend		24,272	-
Tax on Proposed Dividend		3,937	-
		83,545	379,453
Balance carried to Balance Sheet		2,138,583	1,668,771
Earnings Per Share			
(Face value of Rs 10/-)			
Basic and Diluted (In Rs.)		57.00	39.84
(See note no. 14)			

Notes forming part of the Financial Statements

14

As per our attached report of even date.

For and on behalf of the Board of Directors.

For DALAL & SHAH
Firm Registration number 102021W
Chartered Accountants

NIHAL G. KULKARNI
Managing Director

A.N. ALAWANI
Director

ANISH AMIN
Partner
Membership Number: 40451

GIRISH S. PATNEKAR
Head - Finance

ADITI CHIRMULE
Company Secretary

Mumbai : 26 April 2011

Pune : 26 April 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 March 2011

PARTICULARS	Rs. in 000's	
	2010-11	2009-10
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	602,045	421,716
Add:		
Depreciation	30,548	30,490
Loss on assets sold, demolished, discarded, etc.	1	921
	<u>30,549</u>	<u>31,411</u>
Less:		
Profit on sale of investment(net)	222,883	83,758
Surplus on sale of assets	-	9,321
Provisions no longer required, written back	209	-
Interest Received	3	3
Dividend Received	214,522	150,107
Licensing of Property	204,526	200,153
	<u>642,143</u>	<u>443,342</u>
Operating profit before working capital changes	<u>(9,549)</u>	<u>9,785</u>
Changes in working capital		
Trade and other receivables	967	(95,518)
Trade payables	(14,383)	123,967
	<u>(13,416)</u>	<u>28,449</u>
Net cash generated from operations	<u>(22,965)</u>	<u>38,234</u>
Direct Taxes Paid	(135,656)	(1,540)
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>(158,621)</u>	<u>36,694</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Investments	2,706,761	2,548,478
Sale of Fixed Assets	-	9,320
Interest Received	3	3
Dividend Received	214,522	150,107
Licensing of Property	396,261	6,711
Security Deposit	96,414	-
	<u>3,413,961</u>	<u>2,714,619</u>
Less:		
Purchase of Investments	2,749,220	2,002,969
Purchase of Fixed Assets (Net)	7,664	-
	<u>2,756,884</u>	<u>2,002,969</u>
NET CASH GENERATED FROM INVESTING ACTIVITIES	<u>657,077</u>	<u>711,650</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 March 2011

PARTICULARS	Rs. in 000's	
	2010-11	2009-10
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(2,385)	(481,963)
Tax on Dividend	-	(82,500)
NET CASH USED IN FINANCING ACTIVITY	(2,385)	(564,463)
D. Net Increase / (Decrease) In Cash And Cash Equivalents	496,071	183,881
E. Cash and Cash equivalents (Opening)	197,278	13,397
F. Cash and Cash equivalents (Closing)	693,349	197,278

As per our attached report of even date.

For and on behalf of the Board of Directors.

For DALAL & SHAH
Firm Registration number 102021W
Chartered Accountants

NIHAL G. KULKARNI
Managing Director

A.N. ALAWANI
Director

ANISH AMIN
Partner
Membership Number: 40451

GIRISH S. PATNEKAR
Head - Finance

ADITI CHIRMULE
Company Secretary

Mumbai : 26 April 2011

Pune : 26 April 2011

Schedule Nos. 01 to 14 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		
50,000,000 (50,000,000) Equity Shares of Rs. 10 each	<u>500,000</u>	<u>500,000</u>
ISSUED		
9,708,650 (9,708,650) Equity Shares of Rs. 10 each	<u>97,087</u>	<u>97,087</u>
SUBSCRIBED		
9,708,650 (9,708,650) Equity Shares of Rs. 10 each	<u>97,087</u>	<u>97,087</u>
CALLED UP AND PAID UP		
9,708,619 (9,708,619) Equity Shares of Rs. 10 each	<u>97,087</u>	<u>97,087</u>
SHARE CAPITAL SUSPENSE ACCOUNT		
31 (31) Equity Shares of Rs. 10 each to be issued to shareholders of erstwhile Shivaji Works Ltd. on amalgamation as per scheme sanctioned by BIFR, are kept in abeyance.	-	-
Total	<u>97,087</u>	<u>97,087</u>
SCHEDULE 02		
RESERVES AND SURPLUS		
General Reserve		
As per last account	3,020,618	8,032,027
Add: Set aside this year	55,336	38,693
Less: Appropriated in terms of Scheme of Arrangement	<u>-</u>	<u>5,050,102</u>
	3,075,954	3,020,618
Surplus as per annexed profit and loss account	<u>2,138,583</u>	<u>1,668,771</u>
Total	<u>5,214,537</u>	<u>4,689,389</u>

SCHEDULE 03 - FIXED ASSETS

Rs. In 000's

Fixed Assets	Tangible Assets										Total	31 st March 2010	
	Land Freehold	Buildings	Wind Power Generators	Furniture & Fixture	Computers & Peripherals	Office equipments	Vehicles & Aircraft						
Gross Block													
As At 31 March 2010	1,764	166,745	262,969	-	-	-	-	-	-	-	-	431,478	9,923,904
Additions	-	-	-	5,572	261	692	1,159	-	-	-	-	7,684	-
Transferred & vested with resulting company on demerger	-	-	-	-	-	-	-	-	-	-	-	-	(9,490,223)
Deductions & Adjustments	-	-	-	-	-	-	-	-	-	22	-	22	2,203
As At 31 Mar 2011	1,764	166,745	262,969	5,572	261	670	1,159	439,140	431,478				
Depreciation													
Upto 31 March 2010	-	52,759	90,637	-	-	-	-	-	-	-	-	143,396	3,375,495
Deductions & Adjustments	-	-	-	-	-	1	-	-	-	-	-	1	1,283
Transferred & vested with resulting company on demerger	-	-	-	-	-	-	-	-	-	-	-	-	(3,261,306)
For The Year	-	3,024	27,191	209	26	40	58	30,548	30,490				
As At 31 Mar 2011	-	55,783	117,828	209	26	39	58	173,943	143,396				
Net Block													
As At 31 Mar 2011	1,764	110,962	145,141	5,363	235	631	1,101	265,197	288,082				
As At 31 March 2010	1,764	113,986	172,332	-	-	-	-	288,082					

Notes :

- For Depreciation refer accounting policy Note No. 1.1.4

	Face Value Per unit	As at 31 March 2011		As at 31 March 2010		
		Nos.	Rs. in 000's	Nos.	Rs. in 000's	
SCHEDULE 04						
INVESTMENTS (At cost unless otherwise stated)						
LONG TERM INVESTMENTS :						
1	FULLY PAID EQUITY SHARES					
I	TRADE					
A	QUOTED					
	Kirloskar Brothers Limited	2	18,988,038	2,817,090	11,026,185	90,494
	Kirloskar Brothers Investments Limited	10	551,309	22,623	-	-
	Kirloskar Ferrous Industries Limited	5	65,992,002	1,634,720	65,992,002	1,634,720
	Kirloskar Ghatge Patil Auto Limited	10	-	-	5,000	50
	Less: Provision for diminution in value			-		50
		Re. 1		-		-
	Kirloskar Pneumatic Company Limited	10	138,222	20,656	138,222	20,656
	Swaraj Engines Limited	10	2,160,000	3,600	2,160,000	3,600
	The Mysore Kirloskar Limited	10	113,460	2,733	113,460	2,733
	Less: Provision for diminution in value			2,733		2,733
		Re. 1		-		-
	TOTAL			4,498,689		1,749,470
B	UNQUOTED					
	F.H.Schule Gmbh, Germany	1000 (DM)	1,900	12,019	1,900	12,019
	Less: Provision for diminution in value			12,019		12,019
		Re. 1		-		-
	Kothrud power Equipment Limited	10	992,143	9,921	992,143	9,921
	Less: Provision for diminution in value			9,921		9,921
		Re. 1		-		-
	Kirloskar Kenya Limited	K.S. 1000	1,272	856	1,272	856
	Kirloskar Proprietary Limited	100	-	-	2	-
	Less: Transferred and vested with Kirloskar Engines India Ltd. (renamed as Kirloskar Oil Engines Ltd. w.e.f. 02 June 2010), to the extent they relate to the undertaking demerged to the respective company, under the scheme of arrangement			-	1	-
				-	1	-
	Kirsons Trading Pte Limited	1 (S \$)	56,250	1,201	56,250	1,201
	TOTAL			2,057		2,057
II	OTHERS					
A	QUOTED					
	Cummins India Limited	2	488	-	488	-
	Housing Development Finance Corporation Ltd	10	-	-	62,000	760
	ICICI Bank Ltd	10	10	-	10	-
	TOTAL			-		760
B	UNQUOTED					
	The Cosmos Co-operative Bank Ltd	20	31,250	623	31,250	623
	The Shamrao Vitthal Co-Operative Bank Ltd	25	2,025	51	2,025	51
	TOTAL			674		674
	TOTAL			4,501,420		1,752,961

	Face Value Per unit	As at 31 March 2011 Nos. Rs. in 000's		As at 31 March 2010 Nos. Rs. in 000's	
SCHEDULE 04 (Contd.)					
INVESTMENTS (At cost unless otherwise stated)					
2	DEBENTURES AND BONDS				
	UNQUOTED				
	The Mysore Kirloskar Ltd	100	30,000	1,320	30,000 1,320
	12.5% Non Convertible part "B" of Rs 44 each Debentures				
	Less: Provision for diminution in value		1,320		1,320
	TOTAL		-		-
3	WARRANTS				
	QUOTED				
	Detachable Warrants of Kirloskar Ferrous Industries Ltd.- offered on exercise of 'Rights' option, convertible into Equity shares at the option of shareholders at a price of Rs. 35/- per warrant after 12 months but before 36 months from the date of allotment i.e. 13.03.2007, which has been further extended upto 13.03.2013		38,992,002	-	38,992,002 -
	TOTAL LONG TERM INVESTMENTS :		4,501,420		1,752,961
	CURRENT INVESTMENTS				
	MUTUAL FUNDS				
	UNQUOTED				
A	DIVIDEND SCHEME - LIQUID				
	Birla Sun Life Savings Fund - Instl- Daily Dividend - Reinvestment	10	-	-	79,970,289 800,247
	DSP BlackRock Floating Rate Fund - INSTL Plan Daily Dividend	10	-	-	1,001,105 1,001,651
	HDFC Cash Management fund - Treasury Advantage Plan - Wholesale DD	10	-	-	69,902,131 701,223
B	FIXED MATURITY PLANS				
	DSP Blackrock FMP 3M Series 27 - Dividend payout	10	2,000,332	20,003	- -
	TOTAL CURRENT INVESTMENTS		20,003		2,503,121
	TOTAL INVESTMENTS		4,521,423		4,256,082

Notes :

- Aggregate Carrying Cost of Quoted Investments **4,498,689** 1,750,230
- Aggregate Market Value of Quoted Investments **5,319,031** 6,403,894
- Aggregate Carrying Cost of Unquoted Investments **22,734** 2,505,852
- Face value per unit in Rupees unless otherwise stated.
- Refer Note 10 and Accounting Policy 1.1.5

SCHEDULE 04 (Contd.)**INVESTMENTS** (At cost unless otherwise stated)

Following Investments are purchased and sold during the year.

Rs. in 000's

Name	No of Units	Face Value	Purchase Cost
Birla Sun Life Cash Manager-Plan A (Institutional Daily Dividend)	44,723,555	10	447,370
Birla Sun Life Cash Plus-Institutional Premium Plan - Daily Dividend	92,221,024	10	924,009
Birla Sun Life Savings Fund-Institutional Plan- Daily Dividend	12,822,237	10	128,310
DSP BlackRock FMP - 3M - Series 26 - Dividend Payout	1,000,000	10	10,000
DSP BlackRock Liquidity Fund- Institutional Plan-Daily Dividend	277,669	1,000	277,757
HDFC Cash Management Fund - Savings Plan-Daily Dividend Option	124,425,761	10	1,323,442
HDFC Cash Management Fund Treasury Advantage - Wholesale Plan Daily Dividend Option	51,782,570	10	519,457
ICICI Prudential Flexible Income Plan Premium-Daily Dividend Plan	8,045,299	100	850,670
ICICI Prudential Liquid Plan - -Super Institutional Dividend Daily	15,981,472	100	1,598,508
Magnum Insta Cash Fund - Daily Dividend	1,254,693	10	21,016
Reliance Liquidity Fund-Dividend Plan-Daily Dividend Reinvestment	15,446,489	10	154,544
Reliance Money Manager Fund-Institutional Plan-Daily Dividend Option	96,499	1,000	96,631
SBI Short Horizon Debt Fund - Ultra Short Term Fund - Institutional Plan - Daily Dividend	11,270,100	10	112,769
Tata Floater Fund Daily Dividend	46,364,347	10	465,294
Tata Liquid Super High Investment Plan - Daily	369,266	1,000	411,554

Rs. in 000's

	As at 31 March 2011	As at 31 March 2010
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SCHEDULE 05**SUNDRY DEBTORS, UNSECURED**

[I] (a) Outstanding for a period exceeding six months	-	-
(b) Others: good	2,799	193,581
Total	2,799	193,581

SCHEDULE 06**CASH AND BANK BALANCES**

Cash on hand	13	-
Bank Balances :		
With Scheduled Banks		
In current account	22,857	197,278
In fixed deposits	670,000	-
Interest accrued on fixed deposits	479	-
	693,336	197,278
Total	693,349	197,278

SCHEDULE 07**OTHER CURRENT ASSETS**

Energy Credit Receivable from MS&EDCL	5,260	7,225
Total	5,260	7,225

	Rs. in 000's	
	As at 31 March 2011	As at 31 March 2010
SCHEDULE 08		
LOANS AND ADVANCES		
(unsecured, good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received:		
Good *	2,810	99,175
Doubtful	108,508	108,508
Less: provision	108,508	108,508
	-	-
	2,810	99,175
Sundry deposits	1,006	1,006
Tax paid in advance	135,605	1,540
MAT Credit Receivable	32,200	-
Less: Provision for Tax Per Contra	134,260	1,540
	33,545	-
Total	37,361	100,181

* includes Rs. 127,230/- (Previous Year Rs. 157,500/-) due from Company Secretary as a loan {Maximum balance outstanding during the year Rs. 157,500/- (Previous Year Rs. 187,500/-)}.

Rs. in 000's

	As at 31 March 2011	As at 31 March 2010
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SCHEDULE 09**LIABILITIES**

Sundry creditors

Due to Micro & Small Enterprises (See Note No. 9)

Dues to other than Micro & Small Enterprises

-	-
15,838	31,111
15,838	31,111

Security Deposits

Unclaimed dividends

Unclaimed redeemed Preference share capital

96,486	96,414
15,104	17,489
151	151

111,741	114,054
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Total

127,579	145,165
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SCHEDULE 10**PROVISIONS**

Provision for gratuity

Provision for compensated absences

Provision for taxation

Less : Tax paid in advance Per Contra

734	425
883	581
134,260	54,850
134,260	1,540

-	53,310
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Proposed Dividend

Provision for tax on Dividend

24,272	-
3,937	-

Total

29,826	54,316
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	Rs. in 000's	
	2010-2011	2009-2010
SCHEDULE 11		
OTHER INCOME		
* Dividend -		
From Trade Investments	130,806	101,438
From Other Investments	83,716	48,669
Interest :		
On Bank deposits (gross, Tax deducted at source Rs. Nil, previous year: Rs. Nil)	479	-
Others (gross, Tax deducted at source Rs. Nil, previous year: Rs. Nil)	3	3
Profit on Sale of Long Term Investments (net)	222,883	83,758
Income from Licensing of property	204,526	200,153
Miscellaneous Income	4,855	17,422
Provisions no longer required	209	-
Surplus on sale of assets	-	9,321
Total	647,477	460,764

* Including on Current Investments Rs. 81,378,115/- (Previous Year: Rs. 46,703,157/-)

SCHEDULE 12
EMPLOYEE COST

Salaries, wages, gratuity, bonus, commission, etc.	15,004	15,421
Contribution to provident and other funds	1,121	1,709
Welfare and training Expenses	44	293
Total	16,169	17,423

Rs. in 000's

	2010-2011	2009-2010
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SCHEDULE 13
OPERATING AND OTHER EXPENSES

Operating and maintenance charges	3,393	3,834
Wheeling and Transmission rent	3,623	4,156
Insurance	55	84
Security charges	13,366	11,530
Garden and Site maintenance	3,183	2,993
Cleaning & Sanitation	994	1,189
Rates and taxes	3,037	2,829
Repairs and Maintenance:		
- Property Maintenance	2,945	1,150
- Other assets maintenance	53	-
Rent	-	1,824
Communication expenses	72	11
Legal & Professional fees	1,395	877
Auditors' remuneration	426	500
Directors' Commission	390	2,010
Directors' fees and travelling expenses	1,607	840
Donations	-	306
Loss on assets sold, demolished, discarded and scrapped	1	921
Miscellaneous expenses	5,563	2,682
	40,103	37,736

SCHEDULE '14'**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 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 recognized prospectively in current and future periods.

1.3 Fixed Assets

- a. Fixed assets 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.
- b. Capital work-in-progress comprises outstanding advances paid to acquire fixed assets and cost of fixed assets that are not yet ready for their intended use at the balance sheet date.

1.4 Depreciation and Amortization

- a. Freehold land is not depreciated.
- b. Depreciation on building and wind power generators 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.
- c. Depreciation on additions to computers, furniture and fixture, vehicles, etc. have been provided over the estimated economic life of the respective assets or at rates and in the manner specified in Schedule XIV to the Companies Act, 1956, whichever is higher.
- d. Depreciation on assets sold, discarded or demolished during the year is being provided at their respective rates on pro-rata 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 lower of cost and fair value.

1.6 Retirement 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, ex-gratia, performance pay etc. and the same are recognized 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 and state government provident fund scheme are defined contribution plans. The contribution paid / payable under the scheme is recognized during the period in which the employee renders the related service.

ii. Defined Benefit Plans:

The employee's gratuity fund scheme and long term compensated absences 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. Both these funds are unfunded as on the balance sheet date.

iii. Termination Benefits:

Termination benefits such as compensation under voluntary retirement scheme are recognized in the year in which termination benefits are paid.

1.7 Revenue Recognition

- a. Income from electricity generated is accounted on the basis of electricity wheeled into MSEDCL grid and jointly certified.
- b. Income from services is recognized as per the terms of specific contracts/agreements.
- c. Income from dividend on investments is accrued in the year in which it is declared, whereby right to receive is established.
- d. Profit / loss on sale of investments is recognized on the contract date.

1.8 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 crystallize, in case of Deferred Tax Liabilities with reasonable certainty and in case of Deferred Tax Assets with virtual certainty that there would be adequate future taxable income against which deferred tax assets can be realized.

1.9 Earnings Per Share

Earnings 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.

1.10 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.

1.11 Segment Reporting

a. Identification of Segments

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

b. 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.

c. 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.

1.12 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 may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, 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.

1.13 Provisions

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.

2. Non-Banking Financial Company

As on 31 March 2011, the Company's financial assets are more than 50% of the total assets and its income from financial assets has exceeded 50% of its gross income. As a result the Company satisfies the determinant tests given in the Press Release 1998-99/1269, dated 08 April 1999 issued by the Reserve Bank of India for determination of "Principal business" of the Company as a Non-Banking Financial Company (NBFC). The Company therefore has become a NBFC in terms of the Reserve Bank of India Act, 1934.

The Company's investment pattern complies with the parameters specified in the Reserve Bank of India notification RBI/2010-11/354 DNBS (PD) CC. No. 206/03.10.001/2010-2011, dated 05 January 2011 for Core Investment Companies. As a result, the Company is exempt from obtaining Certificate of Registration as NBFC, under Section 45-IA of the Reserve Bank of India Act, 1934.

	Rs. in 000's	
	As at 31 March 2011	As at 31 March 2010
3 Contingent Liabilities not provided for		
(a) Disputed Central Excise Demands	128	128
(b) Claims against the Company not acknowledged as debts	43,321	43,321
(c) Guarantees given on behalf of third parties	-	50,000
	<u>43,449</u>	<u>93,449</u>

4 Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)

- 9,553

	Rs. in 000's	
	2010-2011	2009-2010
5 Payments to Auditors: (Net of Service Tax)		
Particulars		
Statutory Auditors		
a) As Auditors	400	400
b) In other capacity		
For Tax Audit	-	100
For Certificates	25	-
For Expenses	1	-
	<u>426</u>	<u>500</u>

6. Expenditure and Earnings in Foreign Currencies:

a) Expenditure in Foreign Currencies:		
Travelling	342	-
b) Earnings in Foreign Currencies:		
Dividend	392	-

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

A) Licensed and installed capacity and production -

Sr. No.	Class of Goods	Units	Licensed capacity		Installed capacity ##		Production meant for sale	
			2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
1	Wind-power units	KwH (000)	N.A.	N.A.	11,200	11,200	7,895	8,964

Capacity is based on plant load factor, as advised by the Company's technical consultant.

B) Turnover

Sr. No.	Class of Goods	Units	2010-11		2009-10	
			Nos.	Rs. in 000's	Nos.	Rs. in 000's
1	Wind-power units	KwH (000)	7,895 **	41,388	8,964 **	46,601

** All units produced have been wheeled to MSEDCL. Turnover is net of transmission and distribution losses, as decided by the Maharashtra Electricity Regulatory Commission (MERC).

8. Managerial Remuneration:

(a) Commission payable to Managing Director and other Directors:

		Rs. in 000's	
Computation of Net Profit and Directors' Commission		2010-11	2009-10
Profit for the year		553,357	386,927
Add:			
Provision for taxation (including Wealth tax)	48,688		34,789
Directors' remuneration	8,474		19,222
TOTAL:		57,162	54,011
Less:			
Surplus on sale of Mutual fund Investments (Net)	-		1,241
Surplus on sale of investments	222,883		82,517
Surplus on sale of assets	-		9,321
TOTAL:		222,883	93,079
Profit for the purpose of Managerial Remuneration and Directors' Commission under Section 349 of the Companies Act, 1956		387,636	347,859
Managing Director's Remuneration @5%	19,382		17,393
Restricted to	8,084		17,212
Non Whole time Directors' Commission @1%	3,876		3,479
Restricted to	390		2,010

- (b) Details of payments and provisions included in the Profit and Loss Account on account of remuneration to Managing Director :

Rs. in 000's

Particulars	23 /10/2010 to 31/03/2011 *	2009-10 **
Salary	1,843	6,017
Contributions to:		
Provident Fund	221	722
Superannuation Fund	277	903
Gratuity	112	(570)
Leave Travel Assistance	-	200
Leave Encashment	89	499
House Rent Allowance	527	-
Commission	5,000	7,000
Perquisites	15	2,441
	8,084	17,212
Estimated value of other benefits	7	107
Total	8,091	17,319

* Above remuneration is for the period 23 October 2010 to 31 March 2011.

** Above remuneration is for the period 01 April 2009 to 30 March 2010.

9. On the basis of information available with the Company regarding the status of suppliers as defined under the "Micro Small and Medium Enterprises Development Act 2006", there are no suppliers covered under the above mentioned Act and hence the question of provision or payment of interest and related disclosures under the said Act does not arise.
10. In case of long term Investments made by the Company, diminution in the value of quoted investments, if any, are not considered to be of a permanent nature. However provision of estimated diminution in the value wherever considered necessary by the Management has been made in the Financial Statements.
11. 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. 432,714/- is recognized as expense and included in Schedule No. 12 "Employee Cost".
- b. Defined Benefit Plans (Unfunded Scheme):
- (i) Amount Recognized in the Balance Sheet:

Rs. in 000's

Particulars	As at 31 March 2011 Gratuity	As at 31 March 2010 Gratuity
a. Present value of Defined Benefit obligation	734	425
b. Fair value of Plan Assets	-	-
c. Net Liability/(Asset) recognized in the Balance Sheet	734	425
d. Experience adjustments on plan liabilities (loss) / gain	(98)	(7)

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

Rs. in 000's

Particulars	As at 31 March 2011 Gratuity	As at 31 March 2010 Gratuity
a. Current Service Cost	184	32
b. Interest Cost	36	29
c. Expected return on Plan Assets	-	-
d. Actuarial Losses / (Gains)	89	(65)
Total included in "Employee Cost"	309	(4)

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

Rs. in 000's

Particulars	As at 31 March 2011 Gratuity	As at 31 March 2010 Gratuity
a. Present value of Defined Benefit obligation at the beginning of the year	425	429
b. Interest cost	36	29
c. Current service cost	184	32
d. Actuarial Losses / (Gains)	89	(65)
e. Benefits paid	-	-
f. Present value of Defined Benefit obligation at the close of the year	734	425

(iv) Actuarial Assumptions as at 31 March 2011:

Rs. in 000's

Particulars	As at 31 March 2011 Gratuity	As at 31 March 2010 Gratuity
a. Discount Rate	8.40%	8.30%
b. Expected rate of return on Plan Assets	-	-
c. Salary Escalation rate - Management Staff	7.50%	7.50%

(v) General descriptions of Significant Defined plans:

The Company operates gratuity plan wherein every employee is 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.

12. 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.
13. 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 of Directors. Disclosures of transactions with Related Parties are as under:

(A) Name of the related party and nature of relationship where control exists:

1. Associate Companies

Kothrud Power Equipments Limited
Kirloskar Ferrous Industries Limited

2. Joint Venture Companies

Kirloskar Kenya Limited

3. Companies controlled by Key Management Personnel

Cees Investments & Consultants Private Limited *
Navsai Investments Private Limited *
Kirloskar Consultants Limited *
Kirloskar Chillers Pvt. Ltd. *
Kirloskar Integrated Technologies Limited *

4. Key Management Personnel & their relatives

Key Management Personnel		Relatives
Name	Designation	
Atul C. Kirloskar *	Chairman & Managing Director	Arti A Kirloskar, Gauri A Kirloskar, Aditi A Kirloskar, Sanjay C. Kirloskar, Rahul C. Kirloskar, Suman C Kirloskar
Nihal G. Kulkarni **	Managing Director	Shruti N. Kulkarni, Gargi N.Kulkarni, Ambar G. Kulkarni, Gautam A. Kulkarni, Jyotsna G. Kulkarni

* Managing Director upto 22 October 2010

** Managing Director from 23 October 2010

B) Related Party Transactions

Rs. in 000's

Nature of Transaction	Year	Subsidiary Company *	Associate Companies	Joint Venture Companies	Companies controlled by Key Management personnel	Key Management Personnel	Relatives of Key Management Personnel
Reimbursement of Expenses	2010 - 11	-	-	-	251	-	-
	2009 - 10	11,210	-	-	-	-	-
Rendering of Services	2010 - 11	-	-	-	-	7,466	-
	2009 - 10	-	-	-	-	15,648	-
Rent Paid	2010 - 11	-	-	-	-	-	-
	2009 - 10	-	-	-	-	-	1,800
License Fees	2010 - 11	-	-	-	-	-	-
	2009 - 10	192,828	-	-	-	-	-
Dividend Paid	2010 - 11	-	-	-	-	-	-
	2009 - 10	-	-	-	-	22,899	22,651
Dividend Received	2010 - 11	-	65,992	392	-	-	-
	2009 - 10	-	32,996	34,208	-	-	-
Lease Rent Received	2010 - 11	-	795	-	3,322	-	-
	2009 - 10	-	1,716	-	-	2,377	-
Security Deposit	2010 - 11	-	-	-	-	-	-
	2009 - 10	96,414	-	-	-	-	-
Investments purchased	2010 - 11	-	-	-	-	415,462	914,636
	2009 - 10	-	-	-	-	-	-
Investments sold	2010 - 11	-	-	-	-	-	-
	2009 - 10	-	46,860	2,500,376	-	-	-
Outstanding as at 31 March 2011							
Receivable	2010 - 11	-	-	-	-	-	-
	2009 - 10	192,828	-	-	-	44	-
Payable	2010 - 11	-	-	-	-	5,000	-
	2009 - 10	11,210	-	-	-	7,000	-
Security Deposit	2010 - 11	-	-	-	-	-	-
	2009 - 10	96,414	-	-	-	-	-
Investments	2010 - 11	-	1,634,720	856	-	-	-
	2009 - 10	-	1,634,720	856	-	-	-

* Ceased to be a subsidiary with effect from 31 March 2010.

14. Earning Per Share (Basic and Diluted)

Particulars	2010-11	2009-10
Profit for the year after taxation (Rs. in 000's)	553,357	386,927
Total number of equity shares at the end of the year	9,708,650	9,708,650
Basic and Diluted Earnings Per Share (Rs.)	57.00	39.84

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

15. As required by Accounting Standard (AS 22) "Taxes on Income" prescribed by Companies (Accounting Standards) Amendment Rules, 2006, the Company has recognized deferred taxes, which result from timing differences between book profits and tax profits for the year aggregating (Rs. 112,000/-) in the Profit and loss Account, the details of which are as under.

Rs. in 000's

Particulars	Balance as at 31 March 2010	Arising during the year	Balance as at 31 March 2011
(i) Deferred Tax Liabilities			
- Depreciation	56,829	55	56,884
(ii) Deferred Tax Assets			
- Disallowance under section 43 B of Income Tax Act	357	167	524
Deferred Tax Liability / (Asset) (Net) [i-ii]	56,472	(112)	56,360

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

Rs. in 000's

Name of the Company	Loans and Advances		Investments	
	Amount outstanding as at 31 March 2011	Maximum balance outstanding during the year	Amount outstanding as at 31 March 2011	Maximum balance outstanding during the year
Associates				
Kirloskar Ferrous Industries Limited	-	-	1,634,720	1,634,720

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

17. Previous year's figures have been regrouped wherever considered necessary to make them comparable with those of the current year.

Signatures to the Schedules 1 to 14, 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 102021W
Chartered Accountants

NIHAL G. KULKARNI
Managing Director

A.N. ALAWANI
Director

ANISH AMIN
Partner
Membership Number: 40451

GIRISH S. PATNEKAR
Head - Finance

ADITI CHIRMULE
Company Secretary

Mumbai : 26 April 2011

Pune : 26 April 2011

KIRLOSKAR INDUSTRIES LIMITED

Annexure referred to in Note No. 12 of Notes forming part of the Financial Statements
Segment reporting as required by Accounting standard 17:

Rs. In 000's

Particulars		Year ended (Audited)	
		31/03/2011	31/03/2010
1	Segment Revenue		
a	- Windpower generation	41,388	46,601
b	- Investments (Securities & Properties)	646,148	443,338
	Total	687,536	489,939
	Less: Inter segment revenue	-	-
	Net Revenue	687,536	489,939
2	Segment Results		
	Profit (+) / Loss (-) before tax and interest from each segment		
a	- Windpower generation	5,054	10,076
b	- Investments (Securities & Properties)	608,661	406,050
	Total	613,715	416,126
	Less:		
i	Interest	-	-
ii	Other Unallocable expenditure net off unallocable income	11,670	(5,590)
	Total Profit Before Tax	602,045	421,716
3	Total carrying amount of segment assets		
a	- Windpower generation	154,907	199,345
b	- Investments (Securities & Properties)	5,312,580	4,827,866
c	- Unallocable corporate assets	192,160	15,218
	Total Segment assets	5,659,647	5,042,429
4	Total amount of segment liabilities		
a	- Windpower generation	3,924	3,504
b	- Investments (Securities & Properties)	99,836	110,714
c	- Unallocable corporate liabilities	187,903	85,263
	Total segment liabilities	291,663	199,481
5	Capital Employed (Segment assets - Segment liabilities)		
a	- Windpower generation	150,982	195,841
b	- Investments (Securities & Properties)	5,212,744	4,717,152
c	- Unallocable corporate assets less liabilities	4,258	(70,045)
	Total capital employed in the company	5,367,984	4,842,948
6	Total cost incurred during the year to acquire segment assets that are expected to be used during more than one period		
a	- Windpower generation	393	-
b	- Investments (Securities & Properties)	6,132	-
c	- Unallocable corporate assets	1,159	-
	Total assets acquired	7,684	-
7	Depreciation & Amortisation		
a	- Windpower generation	27,191	27,191
b	- Investments (Securities & Properties)	3,023	3,299
c	- Unallocable Corporate Depreciation	334	-
	Total Depreciation & Amortisation	30,548	30,490

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

C	I	N	L	2	9	1	1	2	P	N	1	9	7	8	P	L	C	0	8	8	9	7	2
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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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2	0	1	1
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II. Capital raised during the year: (Amount in Rs. Thousands)

Public Issue	Rights Issue																
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		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></td><td>5</td><td>3</td><td>6</td><td>7</td><td>9</td><td>8</td><td>4</td></tr></table>		5	3	6	7	9	8	4	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td>5</td><td>3</td><td>6</td><td>7</td><td>9</td><td>8</td><td>4</td></tr></table>		5	3	6	7	9	8	4
	5	3	6	7	9	8	4										
	5	3	6	7	9	8	4										
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></td><td>9</td><td>7</td><td>0</td><td>8</td><td>7</td></tr></table>				9	7	0	8	7	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td>5</td><td>2</td><td>1</td><td>4</td><td>5</td><td>3</td><td>7</td></tr></table>		5	2	1	4	5	3	7
			9	7	0	8	7										
	5	2	1	4	5	3	7										
Secured Loans	Unsecured Loans																
<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													
Deferred Tax Adjustment																	
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			5	6	3	6	0										
Application of Funds																	
Net Fixed Assets	Investments																
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		2	6	5	1	9	7										
	4	5	2	1	4	2	3										
Net Current Assets	Misc. Expenses																
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		5	8	1	3	6	4										
		N	I	L													
Accumulated Losses																	
<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													

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

Turnover	Total Expenditure																
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td>6</td><td>8</td><td>8</td><td>8</td><td>6</td><td>5</td></tr></table>			6	8	8	8	6	5	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td>8</td><td>6</td><td>8</td><td>2</td><td>0</td></tr></table>				8	6	8	2	0
		6	8	8	8	6	5										
			8	6	8	2	0										
Profit/(Loss) before tax	Profit/(Loss) after tax																
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td>6</td><td>0</td><td>2</td><td>0</td><td>4</td><td>5</td></tr></table>			6	0	2	0	4	5	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td>5</td><td>5</td><td>3</td><td>3</td><td>5</td><td>7</td></tr></table>			5	5	3	3	5	7
		6	0	2	0	4	5										
		5	5	3	3	5	7										
Earning per share (Rs.)	Dividend Rate %																
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			5	7	.	0	0										
		2	5	%													

V. GENERIC NAMES OF PRINCIPAL PRODUCTS / SERVICE OF COMPANY : Windpower Generation and Investments (Securities and Properties) - NA

KIRLOSKAR INDUSTRIES LIMITED

Registered Office: 13/A, Karve Road
Kothrud, Pune 411 038 (Maharashtra)

ATTENDANCE SLIP

Annual General Meeting on 22 July 2011 at 2.00 P.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 S.M. Joshi Socialist Foundation (S.M. Joshi Hall) S. No. 191/192, Navi Peth, near Ganjave Chowk, Pune – 411 030, on Friday, 22 July 2011 at 2.00 P.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 INDUSTRIES LIMITED

Registered Office: 13/A, Karve Road
Kothrud, Pune 411 038 (Maharashtra)

PROXY FORM

I/We

L.F. No / DP Id and Client Id of

being member/members of Kirloskar Industries Limited 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 S.M. Joshi Socialist Foundation (S.M. Joshi Hall) S. No. 191/192, Navi Peth, near Ganjave Chowk, Pune – 411 030, on Friday, 22 July 2011 at 2.00 P.M. and at any adjournment/(s) thereof.

In witness whereof, I/we have set my/our hand /(s) on thisday 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



Enriching Lives

KIRLOSKAR INDUSTRIES LIMITED

Regd. Office: 13/A, Karve Road, Kothrud, Pune - 411 038, INDIA.

Tel.: +91 (20) 2545 2721 Fax: +91 (20) 2545 4723

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