



# KIRLOSKAR INDUSTRIES LIMITED

A Kirloskar Group Company

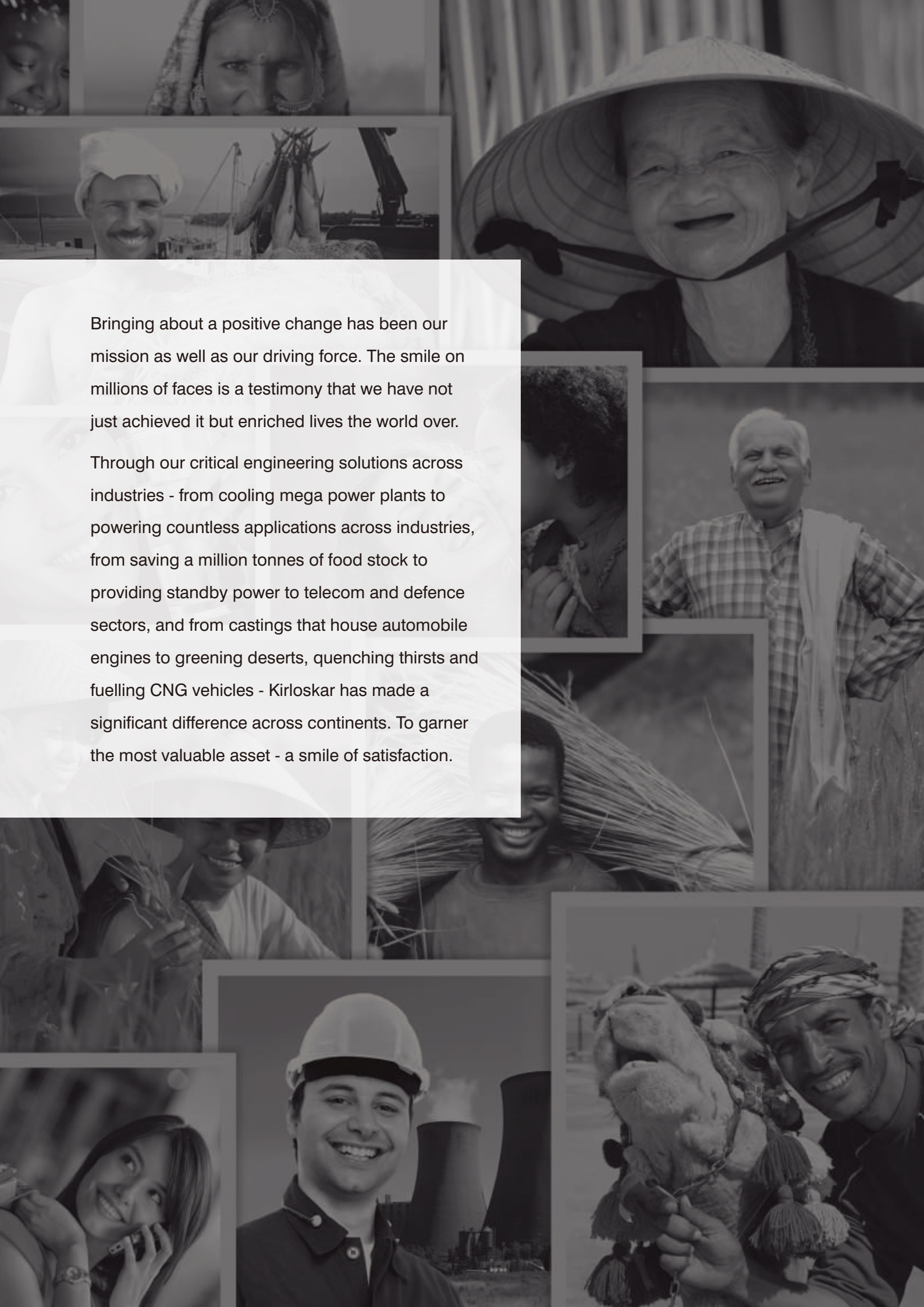
ANNUAL REPORT 2013 - 2014

Enriching Lives



A million smiles  
across the globe.  
That's what we  
have earned.





Bringing about a positive change has been our mission as well as our driving force. The smile on millions of faces is a testimony that we have not just achieved it but enriched lives the world over.

Through our critical engineering solutions across industries - from cooling mega power plants to powering countless applications across industries, from saving a million tonnes of food stock to providing standby power to telecom and defence sectors, and from castings that house automobile engines to greening deserts, quenching thirsts and fuelling CNG vehicles - Kirloskar has made a significant difference across continents. To garner the most valuable asset - a smile of satisfaction.

Annual Report for the year ended on 31 March 2014

**BOARD OF DIRECTORS**

Mr. Atul C. Kirloskar	Chairman
Ms. Aditi V. Chirmule	Executive Director
Mr. Anil N. Alawani	Director
Mr. Nihal G. Kulkarni	Director
Ms. Gauri A. Kirloskar	Director
Mr. Shrikrishna N. Inamdar	Director
Mr. Vijay K. Bajhal	Director
Mrs. Priyamvada A. Ranade	Additional Director (co-opted w.e.f. 18 July 2014)
Mr. Vijay B. Shirke	Additional Director (co-opted w.e.f. 18 July 2014)
Mr. Anant R. Sathe	Director (resigned w.e.f. 17 July 2014)

**COMPANY SECRETARY**

Mrs. Ashwini V. Mali

**AUDITORS**

G. D. Apte & Co., Chartered Accountants

**BANKERS**

HDFC Bank Limited

**REGISTRAR AND SHARE TRANSFER AGENT**

Link Intime India Private Limited  
'Akshay' Complex, Block No. 202, 2nd Floor,  
Near Ganesh Temple, Off Dhole Patil Road, Pune 411 001  
Tel.: +91 (20) 2616 1629 / 2616 0084  
Fax: +91 (20) 2616 3503;  
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  
E mail: investorrelations@kirloskar.com;  
Website: www.kirloskar.com; www.kil.net.in

**LOCATION OF WINDMILLS**

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

**Information for shareholders**

Annual General Meeting	
Day and Date	: Tuesday, 2 September 2014
Time	: 11.00 a.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	: 40% (₹ 4/- per share of ₹ 10/- each)
Date of Book Closure	: 26 August 2014 to 2 September 2014 (both days inclusive)

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## Decade at a glance

(₹ in Millions)

Sr. No	Particulars	2013-14	2012-13	2011-12	2010-11	2009-10*	2008-09	2007-08	2006-07	2005-06	2004-05
1	Net Sales	134	131	138	41	47	21,100	21,564	18,830	13,953	11,486
2	Profit Before Tax	541	430	692	602	422	1,805	1,874	2,395	2,460	2,013
3	Profit After Tax	467	361	675	553	387	1,159	1,190	1,784	2,006	1,739
4	Dividend Amount	39	39	39	24	***291	194	388	388	388	243
5	Dividend (%)	40	40	40	25	***75	50	100	200	200	125
6	Earning Per Share (₹)**	48	37	69	57	40	6	6	18	21	18
7	Book Value Per Share (₹)**	689	645	612	548	493	49	47	88	74	58
8	Share Capital	97	97	97	97	97	388	388	194	194	194
9	Reserves and Surplus	6,594	6,160	5,844	5,215	4,689	9,212	8,762	8,319	6,990	5,427
10	Shareholders' Funds	6,691	6,257	5,941	5,312	4,786	9,601	9,150	8,513	7,184	5,621
11	Loan Funds	-	-	-	-	-	3,490	3,429	1,063	670	517
12	Total Capital Employed	6,691	6,257	5,941	5,312	4,786	13,091	12,579	9,577	7,854	6,138
13	Gross Block	401	441	442	439	431	9,924	9,213	5,305	4,834	4,215
14	Net Block	142	205	237	265	288	6,730	7,109	3,322	1,922	1,447
15	Net Current Assets	678	792	560	581	299	1,959	1,003	1,245	1,030	974

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

\*\* The equity share of ₹ 10/- each was sub divided into 5 equity shares of ₹ 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 ₹ 2/- each have been consolidated into 1 equity share of ₹ 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 2014.

### Financial Performance:

<b>Particulars</b>	<b>2013-14</b> ₹ (in lakhs)	2012-13 ₹ (in lakhs)
Total Income	<b>6,377.90</b>	5,179.84
Total Expenditure	<b>970.40</b>	883.94
Profit before exceptional items and taxation	<b>5,407.50</b>	4,295.90
Profit before taxation	<b>5,407.50</b>	4,295.90
Provision for tax (including Deferred Tax)	<b>740.35</b>	685.00
Net Profit	<b>4,667.15</b>	3,610.90
Balance of Profit / (Loss) from previous year	<b>27,732.68</b>	25,656.40
Reversal of Dividend Distribution Tax for 2012-13	<b>63.00</b>	-
Surplus available for appropriation	<b>32,462.83</b>	25,656.40

### Appropriations:

Your Directors propose to appropriate the available surplus as follows:

<b>Particulars</b>	<b>2013-14</b> ₹ (in lakhs)	2012-13 ₹ (in lakhs)
Transfer to Reserve Fund in terms of Section 45-IC of the Reserve Bank of India Act, 1934	<b>933.43</b>	722.18
Proposed Dividend	<b>388.35</b>	388.35
Tax on proposed dividend	-	63.00
Transfer to General Reserve	<b>466.72</b>	361.09
Balance carried to Balance Sheet	<b>30,674.33</b>	27,732.68

### Dividend:

Your Directors recommend a dividend of 40% (₹ 4/- per equity share of ₹ 10/- each) (previous year dividend was 40% i.e. ₹ 4/- per equity share of ₹ 10/- each) for the Financial Year ended 31 March 2014.

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

In the year under review, the Board has taken a view that based on the Audited Financial Statements for the year ending 31 March 2013, the Company is no more a Non-Banking Financial Company (NBFC). This status remains unchanged based on the Audited Financial Statements for the year ending 31 March 2014.

The Company had intimated the same to the Reserve Bank of India (RBI) vide its letter dated 8 October 2013. The Company has not received any communication in this regards from the RBI till date.

Due to non-receipt of communication from the RBI, the Company has created reserves under Section 45 IC of the Reserve Bank of India Act, 1934, for the year under review and continues to show income from the bank fixed deposits as Operating Income.

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## **Management Discussion and Analysis Report:**

### **Operations of the Company:**

#### **Windmills:**

The Company has seven windmills in Maharashtra with total installed capacity of 5.6 Megawatt (MW). The windmills are located at Tirade Village, Tal- Akole, Dist. – Ahmednagar. The windmills have generated net wind energy of 105.43 lakhs units of electricity in the year under review as against 96.08 lakhs units of electricity in the previous year showing an increase of 9.73% over the previous year.

The Company is an Open Access Generator of Electricity as defined by Maharashtra State Electricity Distribution Company Limited (MSEDCL) and sells units of electricity generated, to open access consumers, as per the permission received from MSEDCL.

Though the windmills have generated 9.35 lakh units more over the previous year, the revenue from sale of these units has not increased, as approximately 11.72 lakh units remained unutilized. The Customers did not utilize the units generated during the night hours (Zone A) as they were not working during the night shifts. Moreover, the transmission and wheeling charges were substantially increased. Both these factors resulted in lower margins and lower profits.

All the seven windmills are registered with the National Load Dispatch Centre (NLDC) and are eligible for the Renewable Energy Certificates (RECs). During the year, the Company has sold 5,220 RECs as against 2,531 RECs in the previous year. This has resulted in revenue of ₹ 78.30 lakhs (previous year ₹ 37.96 lakhs) during the year. The Company is having 9,863 RECs units as on 31 March 2014. Certification of units generated from July 2013 up to January 2014 is in process.

#### **Others:**

The Company owns lands and buildings thereon and apartments and offices in Pune, Bangalore, New Delhi and Jaipur. The Company has granted these lands and buildings and offices on leave and license basis to group and other companies. The Company has disposed off the vacant apartments at Pune and the office at Mumbai during the Financial Year 2013-14.

Kirloskar Ferrous Industries Limited (KFIL) has become a subsidiary of your Company during the year under review. As on 31 March 2014, your Company holds 51.43% of the total paid up capital of KFIL.

During the year under review, your Company also made further investments in equity shares of Kirloskar Pneumatics Company Limited (KPC) and in equity shares of Kirloskar Oil Engines Limited (KOEL). The Company's holding as on 31 March 2014 in KPC and KOEL has increased to 9.24% and 3.81% respectively.

### **Company Performance:**

During the year under review, your Company earned an income of ₹ 6,378 lakhs (previous year ₹ 5,180 lakhs).

The profit before tax is at ₹ 5,408 lakhs (previous year ₹ 4,296 lakhs) after providing for depreciation of ₹ 307 lakhs (previous year ₹ 312 lakhs).

### **Human Resources:**

As on 31 March 2014, the Company has 8 employees on its roll, including the Executive Director & Company Secretary.

### **Concerns and Threats:**

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

- Natural calamities like cyclones, earthquake and fire or act of God will damage the windmills.
- Agitation by the local people against the operation of windmills.



- Frequent and erratic changes in the open access rules and regulations and administrative delay in issuing NOC.
- Underutilization by customer of units generated specially due to non-working of various time Zones.
- Major maintenance due to failure of important components of the windmills.
- Disturbances and failure in the Maharashtra State Electricity Distribution Company Limited (MSEDCL) grid.

**Prospects:**

Wind energy generation is largely dependent on natural factors such as velocity of wind, continuity of the flow, etc. and are unpredictable and beyond control. The business is also largely impacted adversely by frequent and erratic changes made by the MSEDCL in the open access policies. The Company's windmill project continues to be registered under the Renewable Energy Certificate Mechanism (REC), which entitles the Company to RECs benefits. The market for RECs shows a sluggish trend which is expected to continue through the current financial year.

**Internal Controls Systems and their adequacy:**

The Company has adequate internal control systems to ensure operational efficiency, accuracy and promptness in financial reporting and compliance of various laws and regulations.

The internal control system is supported by the internal audit process. An Internal Auditor has been appointed for this purpose. The Audit Committee of the Board reviews the Internal Audit Report and the adequacy and effectiveness of internal controls periodically.

**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 and Listing Fees:**

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

**Subsidiary Company and Consolidated Financial Statements**

As on 31 March 2014, the Company has one subsidiary i.e., Kirloskar Ferrous Industries Limited (KFIL).

The Board presents Audited Consolidated Financial Statements incorporating the duly Audited Financial Statements of KFIL and as prepared in compliance with the Accounting Standards and the Listing Agreement.

The Central Government vide its Circular dated 8 February 2011 issued directions under Section 212 of the Companies Act, 1956, granting general permission to all the companies for not attaching the Annual Accounts of Subsidiary Companies under certain conditions.

Accordingly, the Board of Directors of the Company at its meeting held on 15 May 2014 decided not to attach the Annual Accounts of its subsidiary company. The Company has attached to the Annual Accounts, the Audited Consolidated Financial Statements as required by the said circular.

Further, the Company undertakes that the Annual Accounts of the Subsidiary Company and the related detailed information shall be made available to the shareholders on demand, at any point of time. The Annual Accounts of the Subsidiary Company shall also be kept open for inspection by any shareholder at the Registered Office of the Company.

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## **Brief highlights of businesses of subsidiary company:**

### **Kirloskar Ferrous Industries Limited (KFIL)**

KFIL is in the business of manufacturing of iron castings and has its manufacturing facilities at Bevinahalli Village in Karnataka and Solapur in Maharashtra.

The Board of Directors of KFIL has recommended a dividend of ₹ 1.25 (25%) per equity share, which is the same as that of the last financial year.

KFIL achieved net sales of ₹ 12,321 million (previous year ₹ 11,981 million). Sales value has shown a growth of 2.83 percent in spite of stoppage of one of the mini blast furnace for refractory relining.

In terms of volume growth in sales, Pig Iron sales has increased by 16.50 percent, while castings sales increased by 2.76 percent compared to previous year.

The profit before tax for the year under review stood at ₹ 579.86 million as compared to ₹ 624.19 million of the previous year after providing for depreciation and amortisation.

During the year under review, the Company availed term loan of ₹ 15 Crores.

The slowdown in automobile industry has impacted the production of castings with consequent effect on sales. KFIL sold 60,396 MT castings aggregating to ₹ 4,600.37 million during financial year 2013-14 as compared to 58,773 MT castings aggregating to ₹ 4,420 million in the previous year.

KFIL sold 275,692 MT of pig iron valued at ₹ 7,173.87 million during financial year 2013-14 as compared to 236,633 MT of pig iron valued at ₹ 6,771.08 million in the previous year.

The Consolidated Financial Statements prepared as per applicable provisions and duly audited by the Statutory Auditors, are presented elsewhere in this Annual Report.

### **Directors:**

Mr. A. R. Sathe resigned as Director with effect from 17 July 2014. The Board places on record its sincere appreciation for the valuable services rendered by Mr. A. R. Sathe.

In compliance with the provisions of Section 203 of the Companies Act, 2013, Ms. Aditi Chirmule, Executive Director & Company Secretary, has been re-designated as the Executive Director of the Company with effect from 18 July 2014, resulting into her cessation as Company Secretary of the Company. She continues to be Executive Director of the Company.

In accordance with the provisions of Section 149 of the Companies Act, 2013, your Board of Directors seek the appointment of Mr. Vijay K. Bajhal and Mr. S. N. Inamdar, as Independent Directors for a period of two (2) consecutive years and five (5) consecutive years, respectively.

Pursuant to Section 161 of the Companies Act, 2013, read with the Articles of Association of the Company, the Board of Directors, in its meeting held on 18 July 2014, co-opted Mrs. Priyamvada Ranade and Mr. Vijay Shirke as Additional Independent Directors, as recommended by the Nomination and Remuneration Committee of the Company. They hold office of Director up to the date of ensuing the Annual General Meeting of the Company.

In terms of Sections 149, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Appointment and Qualification of Directors) Rules, 2014, the Independent Directors can hold office for a term of up to 5 (five) consecutive years on the Board of Directors of your Company and are not liable to retire by rotation.

The Company has received notices under Section 160 of the Companies Act, 2013, from a member signifying their intention to propose Mrs. Priyamvada Ranade, Mr. Vijay Shirke, Mr. V. K. Bajhal and Mr. S. N. Inamdar as candidates for the office of Independent Directors at the ensuing Annual General Meeting. All of them are eligible for appointment.



The Company has also received the requisite disclosure / declarations from Mrs. Priyamvada Ranade, Mr. Vijay Shirke, Mr. V. K. Bajhal and Mr. S. N. Inamdar as required under Section 149 and other applicable provisions of the Companies Act, 2013.

Mr. Atul C. Kirloskar, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself 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 Explanatory Statement to the Notice of the Annual General Meeting.

**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.

**Cash Flow:**

A Cash Flow Statement for the year ended 31 March 2014 is attached to the Balance Sheet.

**Corporate Governance:**

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

**Auditors:**

G.D. Apte & Co., Chartered Accountants, (Firm Registration Number 100515W), Pune, Statutory Auditors of the Company are proposed to be appointed as Auditors of the Company from the conclusion of the ensuing Annual General Meeting (AGM) till the conclusion of the 2nd Annual General Meeting of the Company (after the commencement of the Companies Act, 2013) for the financial year ended 2015-16 subject to the ratification of the appointment by the members at every AGM held after the ensuing AGM. The requisite certificates as per Section 224(1B) of the Companies Act, 1956 and Section 139 of the Companies Act, 2013, have been received by the Company.

**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.

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**(B) Foreign Exchange Earnings and Outgo**

- |                                   |              |
|-----------------------------------|--------------|
| i. Total Foreign exchange used    | ₹ Nil        |
| ii. Total Foreign exchange earned | ₹ 6.86 Lakhs |

**Particulars of Employees:**

The Company has no particulars to report 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 and Notification dated 31 March 2011 issued by Central Government.

**Companies Act, 2013:**

According to the notification issued by the Ministry of Corporate Affairs dated 26 March 2014, 283 Sections out of a total of 470 Sections of the Companies Act, 2013, along with Rules relating thereto under the Companies Act, 2013, have come into effect from 1 April 2014.

Your Company is in the process of implementing the various provisions of this new Act.

**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

Place: Pune

Date: 18 July 2014



Enriching Lives

# KIRLOSKAR INDUSTRIES LIMITED

A Kirloskar Group Company

## FORM A

Pursuant to Clause 31 of the Listing Agreement

Covering letter of the Annual Audit Report to be filed with the Stock Exchanges

(SEBI Circular No. CIR / CFD / DIL / 7 / 2012, dated 13 August 2012)

1.	Name of the Company	Kirloskar Industries Limited
2.	Annual Financial Statements for the year ended	31 March 2014
3.	Type of Audit observation	Unqualified
4.	Frequency of observation	Not Applicable

**For G. D. Apte & Co.**

Chartered Accountants

Firm Registration No: 100515W

Sd/-

**C. M. DIXIT**

Partner

Membership Number: 17532

Pune: 15 May 2014

For Kirloskar Industries Limited

Sd/-

**ADITI V. CHIRMULE**

Executive Director &  
Company Secretary

For Kirloskar Industries Limited

Sd/-

**ANIL N. ALAWANI**

Chairman – Audit Committee

For Kirloskar Industries Limited

Sd/-

**JASVANDI M. DEOSTHALE**

Head – Finance

Pune: 15 May 2014

E-mail : [investorrelations@kirloskar.com](mailto:investorrelations@kirloskar.com)

Registered Office : 13/A, Karve Road, Kothrud, Pune - 411 038. (India)

Tel. No. : +91 (0)20 - 2545 2721 Telefax : +91 (0)20 - 2545 4723 Website : [www.kirloskar.com](http://www.kirloskar.com)

CIN No. : L29112PN1978PLC088972

## 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 interest of the stakeholders.

### II. Board of Directors

#### a. Composition of the Board

As on 31 March 2014, the strength of the Board was eight Directors, comprising of one Director being the Executive Director & Company Secretary and seven Non-Executive Directors. Four out of the eight 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 meetings of the Board of Directors were held on 29 April 2013, 24 July 2013, 29 October 2013, and 31 January 2014.

#### c. Directors' attendance record and directorships held

The information on composition and category of the Board of Directors as on 31 March 2014, attendance of each Director at Board Meetings held during the Financial Year 2013-2014 and the Annual General Meeting (AGM) held on 08 August 2013, directorships and committee positions in other public companies of which the Director is a Member / Chairman / Chairperson 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/Chairperson	Member	Board	AGM
	<b>Executive Director</b>						
1	Ms. Aditi V. Chirmule	NA	2	1	1	4	Present
	<b>Non- Executive Directors</b>						
2	Mr. Atul C. Kirloskar*	15,53,298	8	1	1	3	Present
3	Mr. Nihal G. Kulkarni*	Nil	4	-	3	3	Present
4	Ms. Gauri A. Kirloskar*	Nil	2	Nil	Nil	3	Leave
	<b>Independent and Non-Executive Directors</b>						
5	Mr. Anil. N. Alawani	2,285	6	2	4	4	Present
6	Mr. Shrikrishna. N. Inamdar	1,432	9	4	2	4	Leave
7	Mr. Anant R. Sathe	Nil	3	Nil	2	4	Present
8	Mr. Vijay K. Bajhal	Nil	Nil	Nil	Nil	4	Present



**Notes:**

\* Deemed as Promoters within the meaning of Securities Exchange Board of India (SEBI) (Substantial Acquisition of Shares & Takeover) Regulations, 2011.

\*\* For this purpose only Audit and Investor's Grievance Committee of the Public Limited Companies are considered.

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 2014, Mr. Atul C. Kirloskar, Chairman of the Company and Ms. Gauri A. Kirloskar, being the father and daughter, are related to each other. None of the other Directors are related to any other Director of the Company 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;
- Material important show cause, demand, prosecution and penalty notices;
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
- Details of any joint venture or collaboration agreement;
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property
- 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.
- Information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer or Company Secretary.

**III. Audit Committee**

**a. Composition**

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

During the Financial Year under review, four meetings of the Committee were held on 29 April 2013, 24 July 2013, 29 October 2013, and 31 January 2014. The composition of the Committee and attendance at its meetings is given below:

Sr. No.	Name of the Member Director	Category	Number of meetings attended
1.	Mr. Anil N. Alawani (Chairman)	Non-Executive Independent	4
2.	Mr. Nihal G. Kulkarni	Non-Executive Non Independent	3
3.	Mr. Shrikrishna N. Inamdar	Non-Executive Independent	4
4.	Mr. Anant R. Sathe	Non-Executive Independent	4

**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:

- Oversight of the Company's financial reporting process and the disclosures of its financial information to ensure that the Financial Statements are sufficient and credible.

- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors 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, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
  - Reviewing, with the management, the annual Financial Statements before submission to the Board, with particular reference to:
    - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause 2AA of Section 217 of the Companies Act, 1956.
    - b) Changes, if any, in accounting policies and practices and reasons for the same.
    - c) Major accounting entries involving estimates based on the exercise of judgment by the 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.
    - h) 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 nonpayment 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.
- c. Powers of Audit Committee**
- To investigate any activity within its terms of reference.
  - To seek information from any employee.
  - To obtain outside legal or other professional advice.
  - To secure attendance of outsiders with relevant expertise, if it considers necessary.

#### IV. Remuneration Committee

##### a. Composition

The Company has not set up a Remuneration Committee. The Board of Directors decides the remuneration of the Executive 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 Executive Director. The Board also decides the commission payable to the Executive 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 2011, 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 ₹ 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 Financial Year 2013-2014

Amount in ₹

Sr. No.	Name of Director	Basic Salary	Allowances	Perquisites & Other Benefits	Sitting Fees	Commission	Total
	<b>Executive Director</b>						
1.	Ms. Aditi V. Chirmule	25,80,000	--	6,86,556	NA	10,00,000	42,66,556
	<b>Non-Executive Directors</b>						
2.	Mr. Atul C. Kirloskar	--	--	--	30,000	30,000	60,000
3.	Mr. Nihal G. Kulkarni	--	--	--	60,000	60,000	1,20,000
4.	Ms. Gauri A. Kirloskar	--	--	--	30,000	30,000	60,000
5.	Mr. Anil. N. Alawani	--	--	--	90,000	90,000	1,80,000
6.	Mr. Shrikrishna. N. Inamdar	--	--	--	80,000	80,000	1,60,000
7.	Mr. Anant R. Sathe	--	--	--	90,000	90,000	1,80,000
8.	Mr. Vijay. K. Bajhal	--	--	--	40,000	40,000	80,000
	<b>Total</b>	<b>25,80,000</b>	<b>---</b>	<b>6,86,556</b>	<b>4,20,000</b>	<b>14,20,000</b>	<b>51,06,556</b>

##### Notes :

- Perquisites include leave travel assistance, reimbursement of medical expenses, term insurance premium, 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 Ms. Aditi V. Chirmule, Executive Director & Company Secretary and Mr. A. R. Sathe being the other members of the Committee.

Ms. Ashwini Mali, Assistant 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: Ashwini.Mali@kirloskar.com

The total numbers of complaints received and replied to the satisfaction of the shareholders during the year ended 31 March 2014 were 9 and there were no complaints outstanding as on 31 March 2014.

The Company had no share transfer requests pending as on 31 March 2014.

## VI. General Body Meetings

The details of General Meetings of the shareholders, held during previous 3 years are as under -

Financial Year	Date	Type of Meeting	Venue	Time
2012-13	08 August 2013	Annual General Meeting	S. M. Joshi Socialist Foundation (S. M. Joshi Hall), Navi Peth, Pune 411 030	11.00 a.m.
2011-12	25 July 2012	Annual General Meeting	S. M. Joshi Socialist Foundation (S. M. Joshi Hall), Navi Peth, Pune 411 030	11.00 a.m.
2010-11	22 July 2011	Annual General Meeting	S. M. Joshi Socialist Foundation (S. M. Joshi Hall), Navi Peth, Pune 411 030	2.00 p.m.

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

- Authorising the Board of Directors of the Company to decide and pay the remuneration by way of commission to the Non-Executive Directors of the Company.
- Appointment of Ms. Aditi V. Chirmule as Executive Director & Company Secretary of the Company for a period of 5 years commencing from 25 January 2012.

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

## VII. Disclosures

- a. 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 interest of the Company at large. Transactions with the related parties are disclosed in Note no. 30 of the Financial Statements in the Annual Report.
- b. 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, The Securities Exchange Board of India (SEBI) or any other statutory authority, on any matter related to capital markets.
- c. The Company does not have a formal Whistle Blower policy. However, any employee, if he or she desires, would not be denied access to the Audit Committee.



- d. Disclosure under Clause 5AII of the Listing Agreement in respect of unclaimed shares:

The Securities and Exchange Board of India (SEBI) vide its Circular No. CIR/CFD/DIL/10/2010 dated 16 December 2010, inserted new Clause 5AII containing uniform procedure for dealing with unclaimed shares.

Pursuant to the said Clause, the Company had sent first reminder on 30 March 2011, second reminder on 9 May 2011, to such shareholders whose share certificates are in undelivered form and hence have remained unclaimed, by requesting them to update correct details viz. postal addresses, PAN details etc. registered with the Company in order to avoid transfer of such unclaimed shares to the "Unclaimed Suspense Account."

The Company will be sending third reminder letter in due course. As on 31 March 2014, the total unclaimed equity shares are 41,647.

- e. As per Central Government Order (F. No. 52/26/CAB-2010), dated 2 May 2011, Cost Audit Rules became applicable to the Company with effect from 1 April 2011.

With reference to the General Circular No. 15/2011 – 52/5/CAB-2011 dated 11 April 2011 issued by the Government of India, Ministry of Corporate Affairs, Cost Audit Branch, New Delhi, following are the details of Cost Auditor and filing of Cost Audit Report with the Central Government:

Particulars of the Cost Auditor	Details of filing Cost Audit Report for the period ended 31 March 2013
Joshi Apte & Associates (Firm Registration No. 000240) "CMA Pride", 1st Floor, Plot No. 6, S.No. 16/6, Erandawana Co-op. Hsg. Soc. , Erandawana, Pune 411 004 E-mail : cma.joshi.apte@gmail.com	Due Date : 30.09.2013  Filing Date: 21.08.2013

- f. 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 2014.

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

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 Explanatory Statement to the Notice of the Annual General Meeting.

## IX. General Information for Shareholders

### a) Annual General Meeting

Date and Time	2 September 2014 at 11.00 a.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 2013 to 31 March 2014 During the year the financial results were announced as under: First quarter : 24 July 2013 Second quarter : 29 October 2013 Third quarter : 31 January 2014 Annual : 15 May 2014		
Date of Book Closure	From 26 August 2014 to 2 September 2014 ( Both days inclusive)		
Dividend payment date	On or before 16 September 2014		
Listing on stock exchanges (Stock Code)	<b>Sr. No.</b>	<b>Name of the Stock Exchange</b>	<b>Stock Code</b>
	1.	BSE Limited (BSE), Mumbai	500243
	2.	National Stock Exchange of India Limited (NSE), Mumbai	KIRLOSIND

### b) Market Price Data

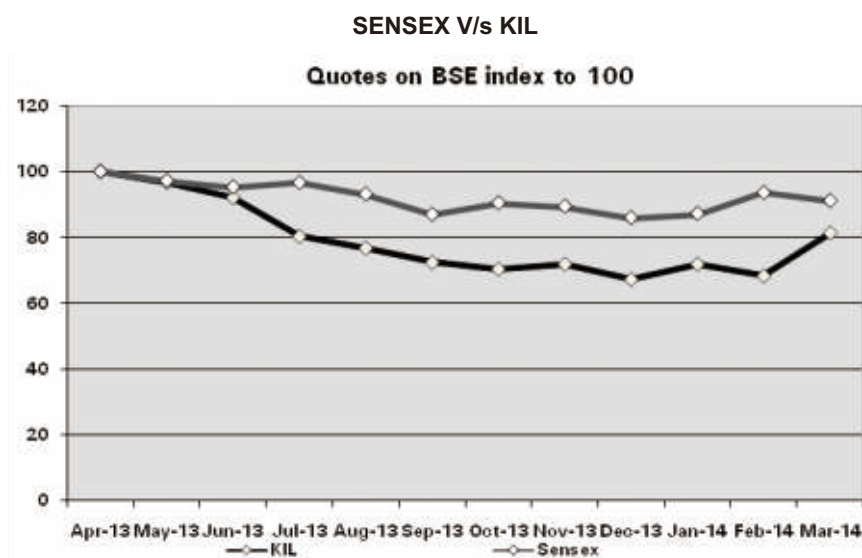
Monthly high / low during the Financial Year 2013-14 on the BSE and NSE:

Stock Exchange	BSE Limited		National Stock Exchange of India Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2013	390.00	306.10	380.00	345.00
May 2013	377.00	307.80	359.95	306.60
June 2013	358.95	275.00	326.45	263.70
July 2013	312.90	226.00	293.40	265.10
August 2013	299.00	231.00	261.00	201.00
September 2013	282.00	250.00	288.00	229.00
October 2013	274.00	250.10	265.00	230.05
November 2013	280.00	230.00	280.00	226.00
December 2013	262.00	227.00	324.45	227.15
January 2014	280.00	236.30	285.00	237.35
February 2014	266.00	225.50	268.85	231.00
March 2014	317.00	227.90	324.45	227.15

c) **Distribution of Shareholding as on 31 March 2014**

Share Holding of Nominal Value of		Shareholders		Share Amount	
₹	₹	Number	% to Total	In ₹	% to Total
(1)		(2)	(3)	(4)	(5)
Upto	5,000	23,416	98.4569	60,84,630	6.2672
5001	10,000	201	0.8451	14,58,140	1.5019
10,001	20,000	82	0.3448	11,52,050	1.1866
20,001	30,000	35	0.1472	8,65,570	0.8915
30,001	40,000	9	0.0378	3,11,640	0.3210
40,001	50,000	9	0.0378	4,11,150	0.4235
50,001	1,00,000	14	0.0589	10,19,870	1.0505
1,00,001 and above		17	0.0715	8,57,83,140	88.3578
<b>TOTAL</b>		<b>23,783</b>	<b>100.000</b>	<b>9,70,86,190</b>	<b>100.0000</b>

d) **Performance of the Company's scrip on the BSE as compared to the BSE Sensex:**



e) **Shareholding Pattern as on 31 March 2014**

Sr. No.	Category	No. of shares	%
1	Promoters	68,05,976	70.10
2	Mutual Funds / UTI	2,949	0.03
3	Banks / Financial Institutions and Insurance Companies	4,65,745	4.80
4	Other Bodies Corporate	2,86,705	2.95
5	Foreign Institutional Investors	9,48,680	9.77
6	Clearing Members	5,922	0.06
7	NRI	14,477	0.15
8	General Public	11,78,165	12.14
	<b>TOTAL</b>	<b>97,08,619</b>	<b>100.00</b>

**f) 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 being a SEBI Registered R & T Agent. The contact details are as follows –

Link Intime India Private Limited	'Akshay' Complex, Block No. 202, 2nd Floor, Off Dhole Patil Road, Pune – 411 001 Tel: (020) 2616 1629 / 2616 0084
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**g) Share Transfer System**

- a. The applications for transfer of shares lodged at the Company's Registrar and Transfer Agent in physical form are processed within 15 days of receipt of the documents valid and complete in all respects. After such processing, the Registrar and Share Transfer Agent will issue share certificate to the concerned shareholder within 15 days of receipt of certificate for transfer. Shares under objection are returned within a stipulated period of time. The transfer applications are approved periodically by the senior management of the Company.
- b. 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.

**h) Means of Communication**

- The Quarterly and Half Yearly results are published in national and local dailies, namely Financial Express (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.
- The Company's results and official news releases are displayed on the Company's website namely [www.kirloskar.com](http://www.kirloskar.com).
- The Management Discussion and Analysis Report forms part of this Annual Report.

**i) Shareholder References**

- Permanent Account Number (PAN)  
Shareholders holding shares in the physical form are informed that as per SEBI's guidelines, it is mandatory to furnish copy of PAN Card in the following cases:
  - a) Transferees' PAN Cards for transfer of shares,
  - b) Surviving joint holders' PAN Cards for deletion of name of deceased shareholder,
  - c) Legal heirs' PAN Cards for transmission of shares,
  - d) Joint holders' PAN Cards for transposition of shares.
- **Email Address**  
In order to enable us to further extend our support towards paperless compliance as a part of Green Initiative in the Corporate Governance, which was introduced by the Ministry of Corporate Affairs (MCA) in the year 2011, the shareholders who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses.  
In respect of shares held in physical form, shareholders are requested to register their e-mail addresses with the Company / R & T Agent (with Depository Participants in case of shares held in dematerialized form).
- **Dematerialization of shares**  
Shareholders are requested to dematerialize their physical share holdings through any of the nearest Depository Participants (DPs) in order to avoid hassles involved with physical shares such as possibility of loss / mutilation of share certificate(s), and to ensure safe and speedy transaction in securities.
- **Register Your National Electronic Clearing Services (NECS) Mandate**  
The Reserve Bank of India (RBI) has initiated NECS for credit of Dividend directly to the Bank Account of shareholders. Shareholders holding shares in electronic mode are requested to register their latest Bank Account details with their Depository Participant and in physical form with the Company's R & T Agent viz. Link Intime India Private Limited.



**j) Dematerialization of shares and liquidity**

As on 31 March 2014, 94,78,203 equity shares being 97.63% 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 Security Identification Number (ISIN) allotted to the Company's equity shares is INE250A01039.

**k) Outstanding GDR/ADR/Warrants or any convertible instruments, conversion date and impact on equity -**

Not applicable.

**l) Location of Windmills:**

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

**m) Address for correspondence**

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

**[investorrelations@kirloskar.com](mailto:investorrelations@kirloskar.com)**

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**Declaration under Clause 49 I (D) (ii) by the Executive Director & Company Secretary of affirmation by the Board of Directors and Senior Management of Compliance with the Code of Conduct**

The Members,

I, Aditi V. Chirmule, Executive Director & Company Secretary of the Company, do hereby declare that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the Board of Directors and Senior Management of Kirloskar Industries Limited made effective from 1 April 2005.



Aditi V. Chirmule  
Executive Director &  
Company Secretary

Place: Pune

Date: 15 May 2014

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

We have examined the compliance of conditions of Corporate Governance by Kirloskar Industries Limited ('the Company'), for the year ended 31 March 2014, as stipulated in Clause 49 of the Listing Agreement(s) of the 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 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.

In our opinion and to the best of our information and in accordance with the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

**For G. D. APTE & CO.**  
Chartered Accountants  
Firm Registration No: 100515W

**C. M. DIXIT**  
Partner  
Membership Number: 17532

Place: Pune

Date: 15 May 2014

## **Independent Auditors' Report**

**To,  
The Members of Kirloskar Industries Limited**

### **Report on the Financial Statements**

We have audited the accompanying Financial Statements of Kirloskar Industries Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the Financial Statements**

Management is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956, (the Act) read with General Circular 8 / 2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

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

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

### **Opinion**

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

- a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2014;
- b. In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### **Report on other legal and regulatory requirements**

1. As required by the Companies (Auditor's Report) Order, 2003, (the Order) issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227 (3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956, read with General Circular 8 / 2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs;
  - e. On the basis of written representations received from the directors as on 31 March 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, from being appointed as a director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.

**For G. D. APTE & CO.**  
Chartered Accountants  
Firm Registration No: 100515W

**C. M. DIXIT**  
Partner  
Membership Number: 17532

Pune : 15 May 2014

## **Annexure referred to in paragraph 1 under the heading 'Report on other legal and regulatory requirements' of our report on even date**

- i.
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) All fixed assets have not been physically verified by the Management during the year but as explained to us, there is a phased programme of verification of fixed assets 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. No material discrepancies were noticed on such verification during the year.
  - (c) There was no disposal of substantial part of fixed assets during the year.
- ii.
  - (a) Considering the nature of the inventories [Renewable Energy Certificates (RECs) and Voluntary Carbon Units (VCUs)] of the Company, the provisions of clause 4(ii) (a) and (b) of the Order are not applicable to the Company.
  - (c) The Company has maintained proper records of inventory.
- iii.
  - (a) According to the examination of books of account and records maintained by the Company and as per the information and explanations given to us, the Company has not granted / taken any loans, secured or unsecured to / from companies, firms or other parties covered in the register maintained under Section 301 of the Act and as such the provisions of clause 4(iii) (b), (c), (d), (f) and (g) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for acquisition of inventories viz. RECs and VCUs and fixed assets and for sale of electricity and rendering of services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas and accordingly the question on commenting on whether there is a continuing failure to correct major weaknesses in the internal control system of the Company does not arise.
- v.
  - (a) According to the information and explanations provided by the Management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered.
  - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding 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.
- vi. The Company has not accepted deposits from the public within the meaning of Sections 58A and 58AA of the Act.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of the cost records under Section 209 (1)(d) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix.
  - (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income tax, Sales tax, Wealth tax and Service tax other material statutory dues applicable to it. According to the information and explanations given to us and from the records of the Company, there were no undisputed statutory dues as at the last day of the financial year which were outstanding for a period of more than six months from the date they became payable. We have been explained that no dues in respect of Employees State Insurance, Custom Duty, Excise Duty or Cess arose during the year.
  - (b) According to the information and explanations given to us and records of the Company, there are no dues in respect of Income tax, Sales tax, Wealth tax, Service tax, Custom Duty, Excise Duty and Cess which have not been deposited on account of any dispute except for following cases:

Name of the statute	Nature of dues	Amount (₹ in lakhs.)	Years to which the amount relates	Forum where dispute is pending
Finance Act, 1994 (Service Tax)	Denial of service tax credit taken and penalty thereon	2.90	2006-07	Assistant / Deputy Commissioner of Central Excise, Nasik (₹ 2.38 lakhs) & CESTAT-Mumbai 0.52 lakhs)

- x. The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- xi. The Company has not availed any loan from any financial institution, bank or debenture holders. As such, the reporting under this clause regarding the default of the Company in repayment of dues to financial institution, bank or debenture holders is not required.
- xii. According to the records of the Company examined by us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities and as such the reporting under this clause regarding the maintenance of adequate documents and records of loans granted is not required.
- xiii. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society due to which the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- xiv. According to the books of account and records maintained by the Company and as per the information and explanations given to us, the Company is dealing but not trading in shares, securities, debentures and other investments and in our opinion, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company, in its own name.
- xv. According to explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions during the year.
- xvi. The Company has not taken any term loans during the year.
- xvii. 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.
- xviii. The Company has not made any allotment of shares during the year.
- xix. The Company has not issued any debentures during the year.
- xx. The Company has not raised money by public issues during the year.
- xxi. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and as per the information and explanations given by the Management, we report that no fraud on or by the Company has been noticed or reported during the year.

**For G. D. APTE & CO.**  
Chartered Accountants  
Firm Registration No: 100515W

**C. M. DIXIT**  
Partner  
Membership Number: 17532

Pune : 15 May 2014

## BALANCE SHEET AS AT 31 MARCH 2014

		(₹ in lakhs)	
	Note No.	As at 31 March 2014	As at 31 March 2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a)	3	970.87	970.87
(b)	4	65,940.97	61,599.17
<b>2 Non-current liabilities</b>			
(a)		-	-
(b)	5	1,111.64	1,136.19
(c)	6	47.15	47.58
<b>3 Current liabilities</b>			
(a)	7	7.58	4.07
(b)	8	194.60	166.93
(c)	9	452.89	531.76
<b>TOTAL</b>		<b>68,725.70</b>	<b>64,456.57</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
<b>1 (a) Fixed assets</b>			
-	10	699.94	983.20
-	10	0.29	0.47
(b)	11	59,791.26	54,209.54
(c)	12	798.51	637.06
(d)		-	-
<b>2 Current assets</b>			
(a)	13	-	-
(b)		2.18	1.36
(c)	14	-	28.57
(d)	15	6,585.51	8,289.80
(e)	16	51.23	37.33
(f)	17	796.78	269.24
<b>TOTAL</b>		<b>68,725.70</b>	<b>64,456.57</b>

Notes forming part of the Financial Statements:

Note No.  
1, 2 and  
3 to 38

As per our attached report of even date

For and on behalf of the Board of Directors

**For G. D. APTE & CO.**  
Chartered Accountants  
Firm Registration Number: 100515W

**ATUL C. KIRLOSKAR**  
Chairman

**ANIL N. ALAWANI**  
Director

**C. M. DIXIT**  
Partner  
Membership Number: 17532

**ADITI V. CHIRMULE**  
Executive Director &  
Company Secretary

**JASVANDI M. DEOSTHALE**  
Head-Finance

Pune: 15 May 2014

Pune: 15 May 2014



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2014**

		( ₹ in lakhs)	
		2013-14	2012-13
	Note No.		
I.	Revenue from operations	1,337.57	1,306.27
II.	Other income	5,040.33	3,873.57
III.	<b>Total Revenue (I + II)</b>	<b>6,377.90</b>	<b>5,179.84</b>
IV.	<b>Expenses:</b>		
	Cost of Renewable Energy Credit and Voluntary Carbon Units sold	4.50	1.58
	Employee benefit expenses	89.64	92.09
	Operating and other expenses	569.66	478.40
	Depreciation and amortisation expenses	306.60	311.87
V.	<b>Total expenses</b>	<b>970.40</b>	<b>883.94</b>
VI.	<b>Profit / (Loss) before tax (III - V)</b>	<b>5,407.50</b>	<b>4,295.90</b>
VII.	<b>Tax expense / (income):</b>		
	Current tax (including wealth tax)	740.35	685.00
	<b>Total</b>	<b>740.35</b>	<b>685.00</b>
VIII.	<b>Profit / (Loss) for the year (VI - VII)</b>	<b>4,667.15</b>	<b>3,610.90</b>
IX.	<b>Earnings / (loss) per equity share</b> [Nominal value of Share ₹ 10/- (31 March 2013 ₹ 10/-)]	₹	₹
	Basic & Diluted	48.06	37.19

Notes forming part of the Financial Statements:

Note No.  
1, 2 and  
3 to 38

As per our attached report of even date

For and on behalf of the Board of Directors

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Head-Finance

Pune: 15 May 2014

Pune: 15 May 2014

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

	(₹ in lakhs)	
	2013-14	2012-13
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	5,407.50	4,295.90
<u>Non-cash adjustment to reconcile profit before tax to net cash flows:</u>		
Add:		
Depreciation / Amortization	306.60	311.87
Loss on assets sold, demolished, discarded etc.	-	1.42
Provision of doubtful advances	0.68	-
Provision for bad & doubtful debts	7.98	-
	315.26	313.29
Less:		
Profit on sale of investments	398.88	87.55
Provisions no longer required, written back	1.93	0.14
Interest earned	657.50	606.97
Dividend on investments	2,286.77	1,572.36
Income from licensing of property	2,332.39	2,210.62
<b>Sub - total</b>	5,677.47	4,477.64
<b>Operating profit before working capital changes</b>	45.29	131.55
<b>Changes in working capital</b>		
Increase / (Decrease) in trade payables	3.51	3.05
Increase / (Decrease) in long term provisions	(0.43)	1.93
Increase / (Decrease) in short term provisions	31.35	(40.74)
Increase / (Decrease) in other current liabilities	14.40	(31.21)
Increase / (Decrease) in other long term liabilities	-	(0.27)
Decrease / (Increase) in trade receivables	28.57	45.59
Decrease / (Increase) in inventories	(0.82)	(1.27)
Decrease / (Increase) in long term loans and advances	0.01	95.03
Decrease / (Increase) in short term loans and advances	(13.90)	(7.70)
Decrease / (Increase) in other current assets	(456.75)	61.38
<b>Sub - total</b>	(394.06)	125.79
<b>Net cash generated / (utilised) from operations</b>	(348.77)	257.34
Direct taxes paid	(947.10)	(667.58)
<b>NET CASH GENERATED / (UTILISED) FROM OPERATING ACTIVITIES</b>	(1,295.87)	(410.24)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale of investments	725.49	89.87
Sale of fixed assets	-	6.50
Interest received	578.52	512.35
Dividend received	2,286.77	1,572.36
Licensing of property	2,331.92	2,211.34
Security deposit	12.84	178.27
<b>Sub - total</b>	5,935.54	4,570.69

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014**

	(₹ in lakhs)	
	2013 - 2014	2012 - 2013
Less:		
Purchase of investments	(5,929.94)	(2,370.44)
Investments in bank deposits (having original maturity of more than three months)	1,107.10	(1,005.00)
Purchase of fixed assets	(1.55)	(4.77)
<b>Sub - total</b>	<b>(4,824.39)</b>	<b>(3,380.21)</b>
<b>NET CASH GENERATED / (UTILISED) FROM INVESTING ACTIVITIES</b>	<b>1,111.15</b>	<b>1,190.48</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(412.46)	(409.15)
Tax on dividend	-	(63.00)
Fractional shareholding entitlement paid	(0.01)	(0.03)
<b>NET CASH GENERATED / (UTILISED) IN FINANCING ACTIVITIES</b>	<b>(412.47)</b>	<b>(472.18)</b>
<b>D. Net Increase / (Decrease) in cash and cash equivalents</b>	<b>(597.19)</b>	<b>308.06</b>
<b>E. Cash and cash equivalents at the beginning of the year</b>	<b>694.80</b>	<b>386.74</b>
<b>F. Cash and Cash equivalents at the end of the year</b>	<b>97.61</b>	<b>694.80</b>
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>		
Cash on hand	0.07	0.20
With banks -		
- on current account	10.65	60.71
- on deposit account	-	522.87
- unclaimed dividend accounts / fractional entitlement *	86.89	111.02
<b>Total cash and cash equivalents</b>	<b>97.61</b>	<b>694.80</b>

\* The Company can utilise these balances only towards settlement of the respective unclaimed dividend and unclaimed fractional entitlement.

**Notes:**

- The above Cash Flow Statements have been prepared under the indirect method set out in Accounting Standard (AS)-3, 'Cash Flow Statement' noted pursuant to the Companies (Accounting Standards) Rules, 2006, as amended.
- Direct tax paid is treated as arising from operating activities and are not bifurcated between the investment and financing activities.
- All figures in brackets indicate outflow.

As per our attached report of even date

For and on behalf of the Board of Directors

**For G. D. APTE & CO.**  
Chartered Accountants  
Firm Registration Number: 100515W

**ATUL C. KIRLOSKAR**  
Chairman

**ANIL N. ALAWANI**  
Director

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Partner  
Membership Number: 17532

**ADITI V. CHIRMULE**  
Executive Director &  
Company Secretary

**JASVANDI M. DEOSTHALE**  
Head-Finance

Pune: 15 May 2014

Pune: 15 May 2014

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2014

### NOTE 1:

#### CORPORATE INFORMATION

Kirloskar Industries Limited ('the Company') is a public company incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India, namely the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). The Company is engaged in wind-power generation. The Company has seven windmills in Maharashtra with total installed capacity of 5.6 Mega Watt (MW). The windmills are located at Tirade Village, Tal. - Akole, Dist. – Ahmednagar. The Company sells wind power units generated, to third party as per the approval from the Maharashtra State Electricity Distribution Company Limited (MSEDCL).

The Company has investments in properties and securities.

The Company is declassified as Non-Banking Financial Company (NBFC) – Core Investment Company (CIC) with effect from 1 April 2013 – Refer Note No. 23 for details.

### NOTE 2:

#### BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements have been prepared in conformity with Generally Accepted Accounting Principles to comply in all material respects with the notified Accounting Standards ('AS') under Companies Accounting Standard Rules, 2006, as amended, the relevant provisions of the Companies Act 1956 ('the Act') and the guidelines issued by the Securities and Exchange Board of India (SEBI). The Financial Statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

#### 2.1 Summary of Significant Accounting Policies

##### a. Use of Estimates

The preparation of the Financial Statements in conformity with Generally Accepted Accounting Principles in India 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 at the end of the reporting period. 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.

##### b. Fixed Assets, Depreciation / Amortisation and Impairment of assets

###### I. Tangible Fixed Assets and Intangible Assets

Tangible Fixed Assets and Intangible Assets are stated at cost less accumulated depreciation / amortisation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

###### II. Depreciation / Amortisation

Depreciation is provided on all assets (except land, being a non-depreciable asset) on a Straight Line Method ('SLM'), which reflect the management's estimate of the useful lives of the respective fixed assets and are greater than or equal to the corresponding rates prescribed in Schedule XIV of the Act. The assets for which higher rates are used are as follows:

Particulars	Rates (SLM)	Schedule XIV rates (SLM)
Motor Vehicles	20.00%	9.50%
Computer Desktops	20.00%	16.21%
Laptops and Computer Peripherals	25.00%	16.21%
Mobile and Telephone Instruments	100.00%	6.33%
Furniture and Fixtures	10.00%	6.33%
Office Equipment including Air Conditioners	12.50%	4.75%
Security Systems	20.00%	4.75%
Electrical installations	6.67%	4.75%

## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2014**

Computer software recognized as intangible asset is amortized on straight line method over an estimated useful life of 5 years.

All fixed assets individually costing ₹ 5,000/- or less are fully depreciated in the year of installation.

Depreciation on assets acquired is recognised in the Statement of Profit and Loss from the month in which the asset is acquired while the depreciation on assets sold during the year is recognised in the Statement of Profit and Loss till the month prior to the month in which the asset is sold.

### **c. Impairment of assets**

At each balance sheet date, based on internal / external factors, if there is any indication of impairment, the carrying amount of assets is reviewed. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value of the assets in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

### **d. Inventories**

Inventories in the nature of Renewable Energy Certificates (RECs) and Voluntary Carbon Units (VCUs) are accounted for in accordance with the Guidance Note on Accounting for Self-Generated Certified Emission Reductions issued by the Institute of Chartered Accountants of India. Accordingly, the RECs and VCUs are recognized upon application for certification to the respective authorities till such units are sold, and valued at lower of cost and net realizable value.

Cost comprises of costs incurred for certification of RECs / VCUs. Net realizable value of RECs / VCUs is the estimated selling price in the ordinary course of business.

### **e. Investments**

Investments intended to be held for not more than a year are classified as current investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis.

All other investments are classified as Long term investments. Long term investments are carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments.

On disposal of an investment, the difference between its weighted average carrying amount and the net disposal proceeds is charged or credited to the Statement of Profit and Loss.

#### **Investment Property**

An investment in land or buildings that are not intended to be occupied substantially for use by, or in the operations of the Company is classified as investment property. Investment properties are stated at cost less accumulated depreciation / amortization and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the investment property to its working condition for its intended use.

Depreciation on the building component of the investment property is calculated on a Straight Line Method ('SLM'), which reflects the management's estimate of the useful lives of the respective fixed assets and is equal to the corresponding rates prescribed in Schedule XIV of the Act.

On disposal of an investment property, the difference between its carrying amount and the net disposal proceeds is charged or credited to the Statement of Profit and Loss.

### **f. Property License Fees**

#### **Where the Company is the licensor**

Assets given on leave and license are included in investment properties. Income from property licensing is recognised in the Statement of Profit and Loss over the term of the Leave and License Agreement.

Costs including depreciation are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

### **g. Employee Benefits**

#### **I. Provident Fund and Superannuation Scheme**

The eligible employees of the Company are entitled to receive benefits under the Provident Fund and Superannuation Scheme, which are defined contribution plans. In case of Provident Fund, both the employee and the Company contribute monthly at a stipulated rate to the government provident fund, while

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2014

in case of superannuation; the Company contributes to Life Insurance Corporation of India at a stipulated rate. The Company has no liability for future Provident Fund or Superannuation benefits other than its annual contributions which are recognised as an expense in the year on an accrual basis.

### II. Gratuity

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated years mentioned under 'The Payment of Gratuity Act, 1972'. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date.

### III. Leave Encashment

Long term and Short term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method as at the reporting date.

Actuarial gains / losses are immediately taken to Statement of Profit and Loss and are not deferred.

### h. Revenue Recognition

- I. Income from power generation is recognised on supply of power to the grid. The income is initially recognised at an estimated rate per unit and consequently billed to the consumer upon receipt of energy credit from Maharashtra State Electricity Distribution Company Limited and determination of the billable rate in accordance with the terms and conditions of the contract for sale of power. The difference between initial accrual and final billing is adjusted with the revenue of the year in which the final energy credit is received.
- II. Income from property licensing is recognised as rentals, as accrued over the period of the Leave and License Agreements.
- III. Dividend is recognised as income when right to receive it is established.
- IV. Interest income on fixed deposits with banks, debentures, bonds etc. is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. In case of significant uncertainty of receiving interest, the same is not recognized though accrued and is recognised only when received.
- V. Profit / loss on the sale / redemption of investments is dealt with at the time of actual sale / redemption.
- VI. Income from the sale of Renewable Energy Certificates (RECs) and Voluntary Carbon Units (VCUs) is recognised on an accrual basis at the time when the contract to sale is entered.

### i. Income Tax

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted, at the reporting date.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

In the situations where the company is entitled to a tax holiday under the Income Tax Act, 1961, no deferred tax (asset or liability) is recognised in respect of timing differences which originate and are likely to reverse during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognised in the year in which the timing differences originate. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Company re-assesses unrecognised deferred tax assets of the earlier years. It recognises unrecognised deferred tax asset to the extent that it has become reasonably or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised. Based on the reassessment, the asset of deferred tax is then restated by crediting to the Statement of Profit and Loss.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.



## **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2014**

Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Company recognises MAT credit available as an asset only to the extent that it is reasonably certain that the Company will pay normal income tax during the specified period, i.e. the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for credit available in respect of MAT under the Income Tax Act, 1961, issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement". The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have reasonable certainty that it will pay normal tax during the specified period.

### **j. Earnings Per Share**

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### **k. 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.

### **l. Cash and Cash Equivalents**

Cash and cash equivalents in the Cash Flow Statement comprise cash at bank and in hand, cheques on hand, remittances in transit and short term investments with an original maturity of three months or less.

### **m. Segment Reporting**

#### **I Identification of segments**

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

#### **II Allocation of common costs**

Common allocable costs are allocated to each segment pro-rata on the basis of revenue of each segment to the total revenue of the Company.

#### **III Unallocated items**

Unallocated items include income and expenses which are not allocated to any reportable business segment.

#### **IV Segment Policies**

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the Financial Statements of the Company as a whole.

### **n. Foreign Currency Translation**

#### **I. Initial recognition**

Transactions in foreign currency entered into during the year are recorded at the exchange rates prevailing on the date of the transaction.

#### **II. Conversion**

Monetary assets and liabilities denominated in foreign currency are translated in to Rupees at exchange rate prevailing on the date of the Balance Sheet.

#### **III. Exchange differences**

All exchange differences are dealt with in the Statement of Profit and Loss.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2014

### o. Provisions

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

### p. Contingent Liability

A contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or present obligation that arises from past events that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. The contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the Financial Statements.

### NOTE 3: SHARE CAPITAL

#### (a) Authorised, Issued, Subscribed and Paid up Share Capital and Par value per share

Particulars	As at 31 March 2014		As at 31 March 2013	
	Number	(₹. in Lakhs)	Number	(₹. in Lakhs)
Authorised Equity Shares of ₹ 10/- each	50,000,000	5,000.00	50,000,000	5,000.00
Issued and Subscribed Equity Shares of ₹ 10/- each	9,708,650	970.87	9,708,650	970.87
Called Up and Paid Up Equity Shares of ₹ 10/- each fully paid	9,708,619	970.87	9,708,619	970.87
Share Capital Suspense Account* Equity Shares of ₹ 10/- each fully paid up	31	-	31	-
<b>Total</b>	<b>9,708,650</b>	<b>970.87</b>	<b>9,708,650</b>	<b>970.87</b>

\* 31 (31) Equity Shares of ₹ 10/- each aggregating to ₹ 310/- to be issued to shareholders of erstwhile Shivaji Works Limited on amalgamation as per Scheme sanctioned by Board for Industrial and Financial Reconstruction, are kept in abeyance on the directions of Special Court.

#### (b) Reconciliation of number of Equity Shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2014		As at 31 March 2013	
	Number	₹ in lakhs	Number	₹ in lakhs
Shares outstanding at the beginning of the year	9,708,650	970.87	9,708,650	970.87
Add: Shares issued during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	9,708,650	970.87	9,708,650	970.87

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2014**

**(c) Equity shares in the Company held by each shareholder holding more than 5% shares**

Name of Shareholder	As at 31 March 2014		As at 31 March 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
India Capital Fund Limited	943,439	9.72%	943,439	9.72%
The India Capital Opportunities 1 Limited	-	-	512,223	5.28%
Atul Chandrakant Kirloskar #	1,553,298	16.00%	1,394,753	14.37%
Rahul Chandrakant Kirloskar ##	1,539,721	15.86%	1,380,725	14.22%
Gautam Achyut Kulkarni ###	1,548,269	15.95%	1,390,478	14.32%
Arti Atul Kirloskar	709,648	7.31%	709,648	7.31%
Jyostna Gautam Kulkarni	726,798	7.49%	726,798	7.49%
Alpana Rahul Kirloskar	709,648	7.31%	709,648	7.31%

# Out of these, 1,553,273 (1,394,728) equity shares are held in the individual capacity and 25 (25) equity shares held as a Trustee of C. S. Kirloskar Testamentary Trust.

## Out of these, 1,539,492 (1,380,496) equity shares are held in the individual capacity and 229 (229) equity shares held as a Trustee of C. S. Kirloskar Testamentary Trust.

### NIL (310) equity shares have been acquired on 28 March 2013. However, the said shares are not reflected in the holding mentioned above since the actual credit of shares has taken place after 31 March 2013.

**(d) Details of Allotment of Shares for consideration other than cash, allotments of Bonus Shares and Shares bought back**

Particulars	Financial Year (Aggregate No. of Shares)				
	2013-14	2012-13	2011-12	2010-11	2009-10
Equity Shares :					
Fully paid up by way of bonus shares	-	-	-	-	-
Allotted pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Shares bought back	-	-	-	-	-

(e) Each holder of equity share is entitled to one vote per share and to receive interim / final dividend as and when declared by the Board of Directors / at the Annual General Meeting. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2014

	(₹ in Lakhs)	
	As at 31 March 2014	As at 31 March 2013
<b>NOTE 4:</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>Reserve Fund</b>		
In terms of Section 45 - IC of the Reserve Bank of India Act, 1934		
Balance as per last account	2,071.30	1,349.12
Add: Transfer from surplus of Statement of Profit and Loss	933.43	722.18
	3,004.73	2,071.30
<b>General Reserves</b>		
Balance as per last account	31,795.19	31,434.10
Add: Current Year Transfer	466.72	361.09
	32,261.91	31,795.19
<b>Surplus / (Deficit) in the Statement of Profit and Loss</b>		
Balance as per last account	27,732.68	25,656.40
Add: Reversal of Dividend Distribution Tax for 2012-13 (Refer Note 35)	63.00	-
Add: Net Profit / (Net Loss) for the current year / period	4,667.15	3,610.90
Less: Transfer to Reserve Fund, in terms of Section 45 - IC of the Reserve Bank of India Act, 1934	933.43	722.18
Less: Transfer to General Reserves	466.72	361.09
Less: Proposed Dividend	388.35	388.35
Less: Tax on Proposed Dividend	-	63.00
	30,674.33	27,732.68
<b>Net surplus in the Statement of Profit and Loss</b>	30,674.33	27,732.68
<b>Total</b>	65,940.97	61,599.17
<b>NOTE 5:</b>		
<b>OTHER LONG TERM LIABILITIES</b>		
Security Deposits	1,111.64	1,136.19
<b>Total</b>	1,111.64	1,136.19
<b>NOTE 6:</b>		
<b>LONG TERM PROVISIONS</b>		
<b>Provision for employee benefits</b>		
Gratuity	20.15	20.58
<b>Others provisions</b>		
Provision for Operation and Maintenance of Windmills	27.00	27.00
<b>Total</b>	47.15	47.58

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2014**

	(₹ in Lakhs)	
	As at 31 March 2014	As at 31 March 2013
<b>NOTE 7:</b>		
<b>TRADE PAYABLES</b>		
Transmission and Wheeling Charges	7.58	4.07
<b>Total</b>	<b>7.58</b>	<b>4.07</b>
<b>NOTE 8 :</b>		
<b>OTHER CURRENT LIABILITIES</b>		
Investors Education and Protection Fund will be credited by the following amounts, as and when due		
- Unclaimed Equity Dividend*	91.90	116.02
- Unclaimed Fractional Entitlement	2.73	2.74
* Includes ₹ 0.07 lakh on 31 shares in abeyance which will not be transferred to Investors Education and Protection Fund		
Unclaimed Preference Share Capital and dividend thereon	1.57	1.57
<b>Other payables</b>		
Tax deducted at Source, Service Tax and Works Contract Tax	3.22	1.65
Employee Benefits	3.88	1.78
Creditors for expenses	29.02	18.28
Security Deposits	62.28	24.89
<b>Total</b>	<b>194.60</b>	<b>166.93</b>
<b>NOTE 9 :</b>		
<b>SHORT TERM PROVISIONS</b>		
<b>Provision for employee benefits</b>		
Gratuity	0.10	0.09
Leave Encashment	18.07	20.73
<b>Other Provisions</b>		
Provision for Cross subsidy charges	32.17	-
Provision for Income tax and Wealth tax (Net of Advance Tax of ₹ 3,068.77 lakhs and Wealth Tax of ₹ 39.93 lakhs)	-	45.29
Commission Payable to Directors	14.20	14.30
Provision for Dividend [including Dividend Distribution Tax of ₹ Nil (31 March 2013 ₹ 63 Lakhs)](Refer Note 35)	388.35	451.35
<b>Total</b>	<b>452.89</b>	<b>531.76</b>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2014**

**NOTE 10: FIXED ASSETS** (₹ in Lakhs)

Particulars	Tangible Assets (A)							Intangible Assets (B)		Total (A) + (B)
	Plant and equipment		Furniture and Fixtures	Vehicles	Office Equipment	Computers and Peripherals	Electrical Installations	Total of (A)	Computer Software	
	Wind power generators	Diesel Generator Set								
<b>Gross Block</b>										
Balance as at 1 April 2012	2,629.69	9.39	57.41	23.00	7.54	3.42	5.76	2,736.21	0.97	2,737.18
- Additions	-	-	0.24	-	1.60	2.91	-	4.75	0.04	4.79
- Disposals	-	-	-	11.60	-	-	-	11.60	-	11.60
Balance as at 31 March 2013	2,629.69	9.39	57.65	11.40	9.14	6.33	5.76	2,729.36	1.01	2,730.37
- Additions	-	-	-	-	0.83	0.72	-	1.55	-	1.55
- Disposals	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2014</b>	<b>2,629.69</b>	<b>9.39</b>	<b>57.65</b>	<b>11.40</b>	<b>9.97</b>	<b>7.05</b>	<b>5.76</b>	<b>2,730.91</b>	<b>1.01</b>	<b>2,731.92</b>
<b>Accumulated Depreciation</b>										
Balance as at 1 April 2012	1,450.19	0.57	8.20	3.28	2.06	0.74	0.35	1,465.39	0.32	1,465.71
- Depreciation charge for the year	271.91	0.97	5.82	3.06	1.20	1.10	0.38	284.44	0.22	284.66
- On Disposals	-	-	-	3.67	-	-	-	3.67	-	3.67
Balance as at 31 March 2013	1,722.10	1.54	14.02	2.67	3.26	1.84	0.73	1,746.16	0.54	1,746.70
- Depreciation charge for the year	271.91	0.97	5.82	2.28	1.88	1.57	0.38	284.81	0.18	284.99
- On Disposals	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2014</b>	<b>1,994.01</b>	<b>2.51</b>	<b>19.84</b>	<b>4.95</b>	<b>5.14</b>	<b>3.41</b>	<b>1.11</b>	<b>2,030.97</b>	<b>0.72</b>	<b>2,031.69</b>
<b>Net Block</b>										
Balance as at 31 March 2013	907.59	7.85	43.63	8.73	5.88	4.49	5.03	983.20	0.47	983.67
<b>Balance as at 31 March 2014</b>	<b>635.68</b>	<b>6.88</b>	<b>37.81</b>	<b>6.45</b>	<b>4.83</b>	<b>3.64</b>	<b>4.65</b>	<b>699.94</b>	<b>0.29</b>	<b>700.23</b>



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2014**

**NOTE 11 :**

**NON CURRENT INVESTMENTS (AT COST UNLESS OTHERWISE STATED)**

Sr. No.	Particulars	Face Value (₹)	As at 31 March 2014		As at 31 March 2013	
			Nos.	₹ in Lakhs	Nos.	₹ in Lakhs
<b>A</b>	<b>Investment Properties</b>					
i	Land (at cost)					
	Opening Balance		15.32		17.64	
	Add: Purchased during the year		-		-	
	Less: Sold during the year		-		2.32	
	Closing Balance		15.32		15.32	
ii	Building (at cost less depreciation) *					
	<b>(a) Gross Block</b>					
	Opening Balance		1,667.45		1,667.45	
	Add: Purchased during the year		-		-	
	Less: Sold during the year		405.00		-	
	Closing Balance		1,262.45		1,667.45	
	<b>(b) Accumulated Depreciation</b>					
	Opening Balance		613.35		586.14	
	Add: Depreciation for the year		21.61		27.21	
	Less: On disposals		78.40		-	
	Closing Balance		556.56		613.35	
	<b>Net Block of Building (a) - (b)</b>		705.89		1,054.10	
iii	<b>Total Investment Properties (i)+(ii)</b>		721.21		1,069.42	
<b>B</b>	<b>Trade Investments</b>					
1	<b>Quoted</b>					
	<b>Investment in Equity Instruments</b>					
	Fully Paid Equity Shares					
(a)	Investment in Subsidiary					
	Kirloskar Ferrous Industries Limited	5	70,613,876	17,499.77	-	-
	Extent of holding by the Company is 51.43% (31 March 2013: NIL)					
(b)	Investment In Associate					
	Kirloskar Ferrous Industries Limited	5	-	-	66,738,876	16,532.62
	Extent of holding by the Company is NIL (31 March 2013: 48.61%)					
(c)	Others					
	Kirloskar Brothers Limited	2	18,988,038	28,170.90	18,988,038	28,170.90
	Kirloskar Brothers Investments Limited	10	100	0.04	100	0.04
	Kirloskar Pneumatic Company Limited	10	1,186,866	5,315.61	588,222	2,391.59
	Kirloskar Oil Engines Limited	2	5,506,519	8,039.17	4,265,000	6,000.41
	Swaraj Engines Limited	10	2,160,000	36.00	2,160,000	36.00
	Cummins India Limited #	2	683	-	683	-
	<b>Total</b>			59,061.49		53,131.56

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2014

### NOTE 11 : NON CURRENT INVESTMENTS (AT COST UNLESS OTHERWISE STATED) (CONTD.)

Sr. No.	Particulars	Face Value (₹)	As at 31 March 2014		As at 31 March 2013	
			Nos.	₹ in Lakhs	Nos.	₹ in Lakhs
<b>2</b>	<b>UNQUOTED</b>					
	<b>Investment in Equity Instruments</b>					
	Fully Paid Equity Shares					
(a)	Investment In Associate					
	Kothrud Power Equipment Limited	10	<b>992,143</b>	<b>99.21</b>	992,143	99.21
	Less: Provision for diminution in value			<b>99.21</b>		99.21
	Extent of holding by the Company is 50% (31 March 2013 : 50%)			-		-
(b)	Others					
	Kirloskar Kenya Limited	K.S. 1000	<b>1,272</b>	<b>8.56</b>	1,272	8.56
	F. H. Schule GMBH, Germany	1000 (DM)		-	1,900	120.19
	Less: Provision for diminution in value (Refer Note 34)			-		120.19
	The Mysore Kirloskar Limited (In liquidation)	10	<b>113,460</b>	<b>27.33</b>	113,460	27.33
	Less: Provision for diminution in value			<b>27.33</b>		27.33
				-		-
	<b>Total</b>			<b>8.56</b>		8.56
	<b>Total of Investments</b>			<b>59,791.26</b>		54,209.54

(₹ in Lakhs)

Particulars	As at 31 March 2014	As at 31 March 2013
Aggregate amount of quoted investments		
Carrying Cost	<b>59,061.49</b>	53,131.56
Market Value	<b>80,560.68</b>	61,132.94
Aggregate amount of unquoted investments	<b>8.56</b>	8.56
Investment Property at carrying cost	<b>721.21</b>	1,069.42
Aggregate amount of diminution in value of investments	<b>126.54</b>	246.73

#### Notes:

- \*Buildings include a property having written down value (WDV) of ₹ 317.98 Lakhs as at 31 March 2013, which is jointly owned by the Company with Kirloskar Brothers Limited. The Company's share in such joint holding is 45% as at 31 March 2013. The said property has been sold during the year.
- #At carrying cost of ₹ 36.96
- In addition to the existing holding of 48.61% of equity shares of Kirloskar Ferrous Industries Limited (KFIL), during the year, the Company has further acquired 2.82% of equity share capital of KFIL making the total holding of the Company at 51.43%. Consequently KFIL has become a subsidiary of the Company.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2014**

(₹ in Lakhs)

	As at 31 March 2014	As at 31 March 2013
<b>NOTE 12:</b>		
<b>LONG TERM LOANS &amp; ADVANCES</b>		
<b>Security Deposits</b>		
Unsecured, considered good:		
Electricity and Telephone Deposit	10.13	10.14
<b>Advances recoverable in cash or kind</b>		
Unsecured, considered good:		
Minimum Alternate Tax Credit Entitlement	582.92	626.92
Advance Income Tax	205.46	-
(Net of Provision for Income Tax ₹ 3,783.90 lakhs and provision for Wealth Tax ₹ 110.44 Lakhs)		
	<u>798.51</u>	<u>637.06</u>
Unsecured, considered doubtful:	1,072.76	1,072.76
Less: Provision for Doubtful Advances	1,072.76	1,072.76
	-	-
<b>Total</b>	<u><u>798.51</u></u>	<u><u>637.06</u></u>

**NOTE 13:**

**CURRENT INVESTMENTS**

	Face Value (₹)	As at 31 March 2014 Nos.	₹ in Lakhs	As at 31 March 2013 Nos.	₹ in Lakhs
<b>Trade Investments (unquoted)</b>					
<b>Current Maturities of Long Term Investments *</b>					
Investment in Debentures and Bonds					
The Mysore Kirloskar Limited					
(In liquidation)					
12.5% Secured Non Convertible Part "B" debentures of ₹ 44/- each	100	30,000	13.20	30,000	13.20
Less: Provision for diminution in value			13.20		13.20
			-		-
<b>Total</b>			<u><u>-</u></u>		<u><u>-</u></u>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2014

### NOTE 13:

#### CURRENT INVESTMENTS (CONTD.)

(₹ in Lakhs)

Particulars	As at 31 March 2014	As at 31 March 2013
Aggregate carrying cost of unquoted investments	-	-
Aggregate amount of diminution in value of investments	13.20	13.20

#### Notes:

- \* In earlier years, the Company had purchased 30,000 debentures of The Mysore Kirloskar Limited with an intention of holding the same for more than one year. Accordingly, the Company had classified the same as long term investment under Accounting Standard 13 - Accounting for Investments. Since the debentures have already matured on 1 June 1999, the Company has presented the same as current maturities of Long term investments.

(₹ in Lakhs)

As at 31 March 2014

As at 31 March 2013

### NOTE 14:

#### TRADE RECEIVABLES

##### For sale of wind power

Unsecured, considered good:

Outstanding for a period exceeding six months

-

0.12

Outstanding for a period less than six months

-

28.45

**Total**

-

28.57

### NOTE 15:

#### CASH AND BANK BALANCES

##### Cash and Cash Equivalents

##### Balances with Banks:

On Current Accounts

10.65

60.71

Fixed deposits having original maturity less than 3 months

-

522.87

Unclaimed dividend accounts

84.16

108.28

Unclaimed fractional shareholdings account

2.73

2.74

Cash on hand

0.07

0.20

97.61

694.80

##### Other Bank Balances:

Deposits having original maturity exceeding 3 months but due for realisation within 12 months of the reporting date

6,487.90

7,595.00

**Total**

6,585.51

8,289.80

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2014**

(₹ in Lakhs)

As at 31 March 2014      As at 31 March 2013

**NOTE 16 :**

**SHORT TERM LOANS & ADVANCES**

Unsecured, considered good:		
Prepaid expenses	41.54	30.41
Service tax credit receivable	9.69	6.92
	<u>51.23</u>	<u>37.33</u>
Unsecured, considered doubtful:		
Receivable from associate company	1.13	0.45
Less: Provision	1.13	0.45
	<u>-</u>	<u>-</u>
<b>Total</b>	<u><b>51.23</b></u>	<u><b>37.33</b></u>

**NOTE 17:**

**OTHER CURRENT ASSETS**

Unbilled revenue from wind power	490.75	45.91
Interest accrued on deposits with banks	302.01	223.03
Other receivable	4.02	0.30
<b>Total</b>	<u><b>796.78</b></u>	<u><b>269.24</b></u>

**NOTE 18:**

**REVENUE FROM**

Sale of Wind power (Refer Note 27)	601.77	661.33
Sale of Renewable Energy Credit and Voluntary Carbon Units	78.30	37.97
Interest income		
- On Bank Deposits	657.50	606.22
- On others	-	0.75
<b>Total</b>	<u><b>1,337.57</b></u>	<u><b>1,306.27</b></u>

**NOTE 19 :**

**OTHER INCOME**

<b>Dividend Income</b>		
Non current investments	2,286.77	1,572.36
<b>Other non-operating income</b>		
Gain on sale of long term investment properties	398.88	87.55
Property licensing fees	2,332.39	2,210.62
Provisions no longer required written back	1.93	0.14
Miscellaneous income	20.36	2.90
<b>Total</b>	<u><b>5,040.33</b></u>	<u><b>3,873.57</b></u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2014**

(₹ in Lakhs)

	2013-14	2012-13
<b>NOTE 20:</b>		
<b>EMPLOYEE BENEFITS EXPENSES</b>		
Salaries and incentives	77.84	77.88
Contributions to -		
- Provident fund and Labour Welfare fund	4.99	4.95
- Superannuation	4.99	5.33
- Gratuity	(0.42)	1.94
Staff welfare expenses	2.24	1.99
<b>Total</b>	<b>89.64</b>	<b>92.09</b>

**NOTE 21:**

**OPERATING AND OTHER EXPENSES**

**A. Operating Expenses**

Operation and Maintenance charges - Windmill	39.03	34.47
Transmission and Wheeling charges	86.73	57.02
Cross Subsidy charges	32.17	-
<b>Sub Total</b>	<b>157.93</b>	<b>91.49</b>

**B. Other Expenses**

Security Expenses	227.74	164.36
Repairs and maintenance - Property and Other Assets	27.74	12.26
Garden and Site Maintenance	40.82	39.37
Legal and Professional Fees	21.34	37.17
Rates and Taxes	29.42	26.62
Donations	0.10	50.25
Printing and Stationery Expenses	6.49	6.13
Postage and Courier Charges	2.46	4.94
Advertisement and Publicity	8.35	4.57
Commission to Directors	4.20	4.30
Director Sitting Fees	4.20	4.30
Travelling Expenses	3.11	3.66
Insurance Charges	3.09	1.53
Loss on Sale of Fixed Assets	-	1.42
Investment written off	120.19	-
Provision no longer required written back	(120.19)	-
Provision for Doubtful Debts	7.98	-
Provision for Doubtful Advances	0.68	0.14
Miscellaneous Expenses	19.91	13.63
Rent paid	-	8.71
Payment to Auditors for:		
- Statutory Audit	2.10	2.10
- Limited Review	0.90	0.90
- Tax Audit	0.50	0.50
- Certification	0.60	0.05
<b>Total</b>	<b>569.66</b>	<b>478.40</b>



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2014**

**NOTE 22:**

**DEPRECIATION AND AMORTIZATION EXPENSE**

		(₹ in Lakhs)	
	Note No.	2013-14	2012-13
On Fixed Assets	10	284.99	284.66
On Investment Property	11	21.61	27.21
<b>Total</b>		<b>306.60</b>	<b>311.87</b>

**NOTE 23:**

**NON- BANKING FINANCIAL COMPANY**

As per the audited Financial Statements for the Financial Year 2012-13, the financial assets of the Company are more than 50% of its total assets but its income from the financial assets is less than 50% of its total income. Consequently, the Company is declassified as Non-Banking Financial Company (NBFC) – Core Investment Company (CIC) with effect from 1 April 2013. The Company has communicated the same to the Reserve Bank of India (RBI) vide its letter dated 8 October 2013. Since no communication in this regard has been received by the Company from the RBI, the Company has created Reserve Fund under Section 45 IC of the Reserve Bank of India Act, 1934, and continues to show income from bank deposits as Operating Income.

**NOTE 24:**

**CONTINGENT LIABILITIES NOT PROVIDED FOR**

(₹ in Lakhs)			
Sr. No.	Particulars	As at 31 March 2014	As at 31 March 2013
(a)	Disputed service tax demands	2.90	2.90
(b)	Claims against the Company not acknowledged as debt		
	- Development charges demanded by PMC	141.21	141.21
	- Enercon Counterclaim in respect of Windmill	293.21	293.21
(c)	Disputed Income tax demand (Paid under protest during Financial Year 2013-14)	206.34	206.34
(d)	Conveyance Deed Charges in respect of property	21.51	21.51
	<b>Total</b>	<b>665.17</b>	<b>665.17</b>

**NOTE 25:**

**EXPENDITURE AND EARNINGS IN FOREIGN CURRENCIES**

(₹ in Lakhs)			
Sr. No.	Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
(a)	Earnings: Dividend	6.86	5.39

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2014

### NOTE 26:

#### DETAILS OF LICENSED AND INSTALLED CAPACITY, PRODUCTION, INVENTORY AND TURNOVER

##### (a) Licensed and installed capacity and production

(₹ in Lakhs)

Class of Goods	Units	Licensed capacity		Installed capacity ##		Production meant for sale	
		2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Wind-power units	KwH (in Lakhs)	N.A.	N.A.	112.00	112.00	105.43*	96.08

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

##### (b) Inventory (at cost)

(₹ in Lakhs)

Class of Goods	Units	2013-14		2012-2013	
		Nos.	Amount	Nos.	Amount
Renewable Energy Certificates (REC)	Units	9,863	1.65	7,776	1.21
REC under certification	Units	4,908	0.52	788	0.14

##### (c) Depreciation and Operating and Maintenance cost of Emission Reduction Equipments (windmills) as required by Guidance Note on Accounting for Self-generated Certified Emission Reductions issued by The Institute of Chartered Accountants of India

(₹ in Lakhs)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Depreciation	271.91	271.91
Operation and Maintenance cost	39.03	34.47

##### (d) Turnover

(₹ in Lakhs)

Sr. No.	Class of Goods	Units	2013-14		2012-13	
			Nos.	Amount	Nos.	Amount
1	Wind-Power Units	Kilowatt hours KwH (in units)	93.71*	601.77	96.08*	661.33
2	Renewable Energy Certificates (REC)	Units	5,220	78.30	2,531	37.97
	<b>Total</b>			<b>680.07</b>		699.30

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

### NOTE 27:

The order dated 3 January 2013 of Maharashtra Electricity Regulatory Commission (MERC) does not permit carry forward and sale of unutilised units beyond the financial year but requires Maharashtra State Electricity Distribution Company Limited (MSEDCL) to pay to the generator at a fixed rate. However, MSEDCL has filed an appeal against this order which still remains undecided. Consequently, no revenue on approximately 11.72 lakh units has been recognised during the year ended 31 March 2014. The admissibility of the Company's claim against MSEDCL for such units is contingent on the outcome of the appeal.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2014**

**NOTE 28:**

**EMPLOYEE BENEFITS**

**(a) Defined Contribution Plans:**

The Company has contributed ₹ 9.98 Lakhs (₹ 10.28 Lakhs for 31 March 2013) towards Defined Contribution plans i.e. Provident Fund Contribution and Super Annuation Scheme.

**(b) Gratuity**

The Company has an unfunded defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for a gratuity on separation at 15 days basic salary (last drawn salary) for each completed year of service. Where service is in excess of 15 years full months basic salary is considered for the calculation of gratuity.

Disclosure pursuant to Accounting Standard (AS 15) – Revised 2005 ‘Employee Benefits’ prescribed by Companies Accounting Standard Rules, 2006:

**i. Statement of Profit and Loss:**

**Included in employee cost**

**Gratuity**

(₹ in Lakhs)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
a. Current Service Cost	1.67	1.60
b. Past Service Cost	----	----
c. Interest Cost	1.69	1.59
d. Expected return on Plan Assets	NA	NA
e. Net Actuarial ( Gains ) / losses recognised in the year	(3.78)	(1.25)
f. Total included in “Employee Cost”	(0.42)	1.94

**ii. Balance Sheet (details of provision for gratuity)**

**Gratuity**

(₹ in Lakhs)

Particulars	As at 31 March 2014	As at 31 March 2013
a. Present value of Defined Benefit obligation as at the end of the year	20.25	20.67
b. Fair value of Plan Assets as at the end of the year	NA	NA
<b>c. Funded / (Unfunded) Status</b>	<b>(20.25)</b>	<b>(20.67)</b>
d. Current Liability	0.10	0.09
e. Non - Current Liability	20.15	20.58
f. Unrecognised Actuarial (gains) / losses	NIL	NIL
g. Net (Liability) / Asset	(20.25)	(20.67)

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2014

### iii. Changes in the present value of the defined benefit obligation:

#### Gratuity

(₹ in Lakhs)

Particulars	As at 31 March 2014	As at 31 March 2013
a. Present value of Defined Benefit obligation at the beginning of the year	20.67	18.73
b. Interest cost	1.69	1.60
c. Past service cost	---	---
d. Current service cost	1.67	1.59
e. Benefits paid	---	---
f. Actuarial Losses / (Gains)	(3.78)	(1.25)
j. Present value of Defined Benefit obligation at the close of the year	20.25	20.67

### iv. The principal assumptions used in determining gratuity obligations for the Company's plan as at 31 March 2014:

#### Gratuity

(₹ in Lakhs)

Particulars	As at 31 March 2014	As at 31 March 2013
a. Discount Rate	9.20%	8.20%
b. Rate of increase in compensation cost	7.50%	7.50%
c. Expected average remaining working lives of employees (years)	12.86	13.27

### v. Amounts for the current and previous years are as follows:

(₹ in Lakhs)

Particulars	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Defined benefit obligation	20.25	20.67	18.73	7.34
Plan assets	NA	NA	NA	NA
Surplus / (deficit)	(20.25)	(20.67)	(18.73)	(7.34)
Experience adjustments on plan liabilities (loss) / gain	1.49	1.95	(25.96)	(0.98)
Experience adjustments on plan assets (loss) / gain	---	---	---	---

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2014**

**NOTE 29:**

**SEGMENT REPORTING**

Segment information based on Standalone Financial Statements, as required by the Accounting Standard 17 'Segment Reporting' as prescribed by Companies (Accounting Standards) Rules, 2006, is as follows:

(₹ in Lakhs)

Particulars		Year ended	
		31 March 2014	31 March 2013
<b>1</b>	<b>Segment Revenue</b>		
A	- Wind power generation	<b>680.07</b>	699.50
B	- Investments (Securities and Properties)	<b>5,675.67</b>	4,477.29
	<b>Net Sales / Income from Operations</b>	<b>6,355.74</b>	5,176.79
<b>2</b>	<b>Segment Results</b>		
	Profit (+) / Loss (-) before tax and interest from each segment		
A	- Wind power generation	<b>210.72</b>	301.67
B	- Investments (Securities and Properties)	<b>5,184.30</b>	4,062.47
	<b>Total</b>	<b>5,395.02</b>	4,364.14
	<b>Add / (Less):</b>		
	Unallocable Income / (expenditure) net off unallocable (expenditure) / Income	<b>12.48</b>	(68.24)
	<b>Total Profit Before Tax</b>	<b>5,407.50</b>	4,295.90
<b>3</b>	<b>Total carrying amount of segment / corporate assets</b>		
A	- Wind power generation	<b>1,171.86</b>	1,030.68
B	- Investments (Securities and Properties)	<b>66,674.77</b>	62,681.74
C	- Unallocable corporate assets	<b>879.07</b>	744.15
	<b>Total Assets</b>	<b>68,725.70</b>	64,456.57
<b>4</b>	<b>Total amount of segment / corporate liabilities</b>		
A	- Wind power generation	<b>73.82</b>	39.20
B	- Investments (Securities and Properties)	<b>1,244.61</b>	1,222.60
C	- Unallocable corporate liabilities	<b>495.42</b>	624.72
	<b>Total Liabilities</b>	<b>1,813.85</b>	1,886.52
<b>5</b>	<b>Capital Employed</b>		
	(Segment Assets - Segment Liabilities)		
A	- Wind power generation	<b>1,098.04</b>	991.47
B	- Investments (Securities and Properties)	<b>65,430.16</b>	61,459.14
C	- Unallocable corporate assets less liabilities	<b>383.65</b>	119.43
	<b>Total Capital Employed in the Company</b>	<b>66,911.85</b>	62,570.04
<b>6</b>	<b>Total cost incurred during the year to acquire segment assets that are expected to be used during more than one period</b>		
A	- Wind power generation	-	0.66
B	- Investments (Securities and Properties)	-	4.11
C	- Unallocable corporate assets	<b>1.55</b>	-
	<b>Total Assets Acquired</b>	<b>1.55</b>	4.77
<b>7</b>	<b>Depreciation &amp; Amortization</b>		
A	- Wind power generation	<b>271.91</b>	271.91
B	- Investments (Securities and Properties)	<b>22.96</b>	27.21
C	- Unallocable corporate depreciation	<b>11.73</b>	12.75
	<b>Total Depreciation and Amortisation</b>	<b>306.60</b>	311.87

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2014

### NOTE 30:

#### RELATED PARTY DISCLOSURE

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 (as per AS - 18):

<b>1. Subsidiary</b>		
- Kirloskar Ferrous Industries Limited (with effect from 31 May 2013)		
<b>2. Associate Companies</b>		
- Kothrud Power Equipment Limited		
- Kirloskar Ferrous Industries Limited (upto 30 May 2013)		
<b>3. Key Management Personnel and their relatives</b>		
<b>Key Management Personnel</b>		<b>Relatives of Key Management Personnel and relationship</b>
<b>Name</b>	<b>Designation</b>	
Ms. Aditi V. Chirmule	Executive Director & Company Secretary	None

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2014**

**Related Party Transactions:**

(₹ in Lakhs)

Nature of transaction	Year	Subsidiary	Associate Companies	Key Management Personnel
Reimbursement of expenses given	<b>2013-14</b>	--	<b>0.68</b>	--
	2012-13	--	0.14	--
Expenses rendering of services	<b>2013-14</b>	--	--	<b>45.43#</b>
	2012-13	--	--	37.34#
Dividend received	<b>2013-14</b>	<b>882.67</b>	--	--
	2012-13	--	665.11	--
Licensing fees received	<b>2013-14</b>	<b>4.00</b>	<b>0.80</b>	--
	2012-13	--	5.84	--
Investments purchased	<b>2013-14</b>	<b>967.15</b>	--	--
	2012-13	--	185.42	--
<b>Outstanding as at 31 March 2014</b>				
Receivable	<b>2013-14</b>	<b>0.01</b>	<b>1.13</b>	--
	2012-13	--	0.45	--
Provisions	<b>2013-14</b>	--	<b>1.13</b>	--
	2012-13	--	0.45	--
Payable	<b>2013-14</b>	<b>2.40</b>	--	<b>10.00</b>
	2012-13	--	2.40	10.00
Investments	<b>2013-14</b>	<b>17,499.77</b>	--	--
	2012-13	--	16,532.62	--

# As the liabilities for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, the amounts pertaining to the Executive Director are not included above.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2014

### NOTE 31:

#### LICENSING FEES

The Company has given land and buildings on leave and license. The details of future minimum license fees receivable are as under:

(₹ in Lakhs)

Particulars	As at 31 March 2014	As at 31 March 2013
<b>Minimum License Fees Receipts:</b>		
Not later than one year	<b>2,270.81</b>	2,311.77
Later than one year but not later than five years	<b>929.53</b>	3,197.79
Later than five years	-	-
<b>Total</b>	<b>3,200.34</b>	5,509.56

### NOTE 32:

#### EARNINGS PER SHARE (BASIC AND DILUTED)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Net Profit after tax as per Statement of Profit and Loss (₹ in Lakhs) (A)	<b>4,667.15</b>	3,610.90
Total number of equity shares at the end of the year (B)	<b>97,08,650</b>	97,08,650
Basic and Diluted Earnings Per Share (in Rupees) (Nominal value of ₹ 10/- per share ) (A) / (B)	<b>48.06</b>	37.19

### NOTE 33:

#### DEFERRED TAX LIABILITIES / (ASSETS) (NET)

Deferred Tax has not been recognised in view of Accounting Standards Interpretation (ASI) - 3 (Revised) "Accounting for Taxes on Income in the situations of Tax Holiday under Sections 80-IA and 80-IB of the Income Tax Act, 1961", since the timing differences reverse fully during the tax holiday period.

### NOTE 34:

The disposal of the investment in F. H. Schule GMBH, Germany, having a carrying value of ₹ 1/- has been approved by Reserve Bank of India vide letter dated 25 April 2014. Consequently, investment of ₹ 120.19 Lakhs has been written off and provision for diminution in value of the said investment of ₹ 120.19 Lakhs has been written back.

### NOTE 35:

Provision for Dividend Distribution Tax of ₹ 63 Lakhs made in Financial Year 2012-13 has been reversed during the year as the Company is satisfying all the conditions of Section 115-O (1A) of the Income Tax Act, 1961, for claiming reduction of the dividend amount declared by the subsidiary namely, Kirloskar Ferrous Industries Limited from the dividend amount declared by the holding company.

For the current year, amount of the proposed dividend from subsidiary is more than that proposed by the Company and hence provision of Dividend Distribution Tax is not required.

### NOTE 36:

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.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2014**

**NOTE 37:**

DISCLOSURE REQUIRED AS PER CLAUSE 32 OF THE LISTING AGREEMENT ARE AS FOLLOWS

(₹ in Lakhs)

Name of the Company	Loans and Advances		Investments	
	Amount outstanding as at 31 March 2014	Maximum balance outstanding during the year	Amount outstanding as at 31 March 2014	Maximum balance outstanding during the year
<b>Subsidiary Kirloskar Ferrous Industries Limited</b>	--	--	17,499.77	17,499.77
<b>Associate Kothrud Power Equipment Limited #</b>	--	--	--	--

#At carrying cost of ₹ 1/-

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

**NOTE 38 :**

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

As per our attached report of even date

For and on behalf of the Board of Directors

**For G. D. APTE & CO.**  
Chartered Accountants  
Firm Registration Number: 100515W

**ATUL C. KIRLOSKAR**  
Chairman

**ANIL N. ALAWANI**  
Director

**C. M. DIXIT**  
Partner  
Membership Number: 17532

**ADITI V. CHIRMULE**  
Executive Director &  
Company Secretary

**JASVANDI M. DEOSTHALE**  
Head-Finance

Pune: 15 May 2014

Pune: 15 May 2014

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

<b>Sr. No.</b>	<b>Name of the Subsidiary</b>	<b>Kirloskar Ferrous Industries Limited</b>
1	The Financial year of the Subsidiary Company ended on	31 March 2014
2	Holding Company's interest	Owns 51.43% of Equity Share Capital
3	Net aggregate amount of Subsidiary's Profits / (Losses) as far as it concerns members of the Holding Company not dealt with the Holding Company's Accounts:	
	(i) Profit / (Loss) for the Subsidiary's financial year ended 31 March 2014 (₹ in lakhs)	2,048.85
	(ii) Profits / (Losses) for its previous financial years since becoming subsidiary (₹):	-
4	Net aggregate amount of Subsidiary's Profits / (Losses) dealt with the Holding Company's Accounts:	
	(i) For the Subsidiary's financial year ended 31 March 2014	-
	(ii) For its previous financial years	-

**For and on behalf of the Board of Directors**

**ATUL C. KIRLOSKAR**  
Chairman

**ANIL N. ALAWANI**  
Director

**ADITI V. CHIRMULE**  
Executive Director &  
Company Secretary

**JASVANDI M. DEOSTHALE**  
Head-Finance

Pune: 15 May 2014

The Central Government has vide its Circular dated 8 February 2011 issued Directions under Section 212 of the Companies Act, 1956, (Act), granting general permission to all the companies for not attaching the documents of its subsidiary companies as referred to in Section 212 (1) of the Act. Accordingly, the Company is giving the following information in respect of its subsidiary for the financial year ended 31 March 2014.

		[₹ in Lakhs]
		<b>Kirloskar Ferrous Industries Limited</b>
		<b>As at March 31, 2014</b>
<b>I. EQUITY AND LIABILITIES</b>		
1. Shareholders' funds		
(a) Share capital		6,865.40
(b) Reserves and surplus		35,778.17
		<u>42,643.57</u>
2. Non-current liabilities		
(a) Long term borrowings		6,023.10
(b) Deferred tax liabilities (Net)		6,417.64
		<u>12,440.74</u>
3. Current liabilities		
(a) Short term borrowings		9,416.17
(b) Trade payables		24,759.24
(c) Other current liabilities		7,467.58
(d) Short term provisions		2,430.65
		<u>44,073.64</u>
	<b>TOTAL</b>	<b><u>99,157.95</u></b>
<b>II. ASSETS</b>		
1. Non-current assets		
(a) Fixed assets		
Tangible assets		54,498.95
Intangible assets		138.68
Capital work-in-progress		2,273.64
(b) Non-current investments		-
(c) Long term loans and advances		1,144.09
(d) Other non-current assets		9.00
		<u>58,064.36</u>
2. Current assets		
(a) Inventories		16,228.40
(b) Trade receivables		19,028.42
(c) Cash and bank balances		1,152.41
(d) Short term loans and advances		4,656.89
(e) Other current assets		27.47
		<u>41,093.59</u>
	<b>TOTAL</b>	<b><u>99,157.95</u></b>
		<b>For the year 2013-14</b>
Turnover		123,523.60
Profit before tax		5,798.66
Tax expense		1,814.89
Profit / (Loss) for the period		3,983.77
Interim Dividend		-
Proposed Dividend		1,716.35
<b>Note 1 : Details of Investments :</b>		
Trade - Unquoted - Kirloskar Proprietary Limited		-
One Equity Share with a Face Value of ₹ 100 per share		-
<b>Total</b>		<u>-</u>

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# **CONSOLIDATED FINANCIAL STATEMENTS**

## **Independent Auditors' Report**

**To,**  
**The Board of Directors of Kirloskar Industries Limited**

We have audited the accompanying Consolidated Financial Statements of Kirloskar Industries Limited ('the Company'), its Subsidiary (Kirloskar Ferrous Industries Limited) (collectively the 'Group') and Associate (Kothrud Power Equipment Limited), which comprise the Consolidated Balance Sheet as at 31 March 2014 and the Consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation of these Consolidated Financial Statements that give true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

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

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2014;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

### **Other matters**

We did not audit the Financial Statements of Subsidiary, Kirloskar Ferrous Industries Limited, whose financial statements reflect total assets of ₹ 99,155.54 lakhs as at 31 March 2014, the total revenue of ₹ 1,23,523.60 lakhs and total cash inflows amounting to ₹ 581.79 lakhs for the year then ended. The Financial Statements of the subsidiary have been audited by other auditor, whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of this company, is based solely on the report of auditor.

We have relied on the unaudited Financial Statements of the associate Kothrud Power Equipment Limited wherein the Company's share of profit is NIL. These unaudited financial statements as certified by the management have been furnished to us and our report in so far as it relates to the amounts included in respect of the associate is based solely on such certified unaudited financial statements.

Our opinion is not qualified in respect of these matters.

**For G. D. APTE & CO.**  
Chartered Accountants  
Firm Registration No: 100515W

**C. M. DIXIT**  
Partner  
Membership Number: 17532

Pune : May 15, 2014

## CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2014

(₹ in lakhs)

	Note No.	As at 31 March 2014
<b>I. EQUITY AND LIABILITIES</b>		
<b>1 Shareholders' funds</b>		
(a) Share capital	3	970.87
(b) Reserves and surplus	4	70,280.11
<b>2 Minority Interest</b>		21,687.29
<b>3 Non-current liabilities</b>		
(a) Long term borrowings	5	6,023.10
(b) Deferred tax liability (Net)	6	6,417.64
(c) Other Long term liabilities	7	1,111.64
(d) Long term provisions	8	47.15
<b>4 Current liabilities</b>		
(a) Short term borrowings	9	9,416.17
(b) Trade payables	10	24,766.82
(c) Other current liabilities	11	7,691.66
(d) Short term provisions	12	1,968.96
<b>TOTAL</b>		<b>150,381.41</b>
<b>II. ASSETS</b>		
<b>1 Non-current assets</b>		
(a) Fixed assets		
- Tangible assets	13	55,198.88
- Intangible assets	13	138.97
- Capital work-in-progress		2,273.63
(b) Non-current investments	14	42,291.49
(c) Long term loans and advances	15	3,750.60
(d) Other non-current assets	16	9.00
<b>2 Current assets</b>		
(a) Current investments	17	-
(b) Inventories	18	16,230.56
(c) Trade receivables	19	19,028.42
(d) Cash and Bank Balances	20	7,737.92
(e) Short term loans and advances	21	2,897.71
(f) Other current assets	22	824.23
<b>TOTAL</b>		<b>150,381.41</b>

Notes forming part of the Financial Statements:

Note No.  
1, 2 and  
3 to 41

As per our attached report of even date

For and on behalf of the Board of Directors

**For G. D. APTE & CO.**  
Chartered Accountants  
Firm Registration Number: 100515W

**ATUL C. KIRLOSKAR**  
Chairman

**ANIL N. ALAWANI**  
Director

**C. M. DIXIT**  
Partner  
Membership Number: 17532

**ADITI V. CHIRMULE**  
Executive Director &  
Company Secretary

**JASVANDI M. DEOSTHALE**  
Head-Finance

Pune: 15 May 2014

Pune: 15 May 2014



**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED  
31 MARCH 2014**

(₹ in lakhs)

	Note No.	2013-14
<b>I. Revenue from operations (Gross)</b>	23	<b>140,443.68</b>
Less : Excise Duty		<b>15,795.62</b>
Revenue from operations (Net)		<b>124,648.06</b>
<b>II. Other income</b>	24	<b>4,365.97</b>
<b>III. Total Revenue (I + II)</b>		<b>129,014.03</b>
<b>IV. Expenses:</b>		
Cost of materials consumed	25	<b>78,618.16</b>
Changes in inventories of finished goods, work-in-progress and by-products	26	<b>1,005.50</b>
Cost of Renewable Energy Credit and Voluntary Carbon Units sold		<b>4.50</b>
Employee benefits expense	27	<b>5,045.93</b>
Finance costs	28	<b>1,430.40</b>
Other expenses	29	<b>28,900.92</b>
Depreciation and Amortisation expense	30	<b>3,685.17</b>
<b>V. Total expenses</b>		<b>118,690.58</b>
<b>VI. Profit before exceptional and extraordinary items and tax</b>		<b>10,323.45</b>
<b>VII. Exceptional items</b>		<b>-</b>
<b>VIII. Profit before extraordinary items and tax</b>		<b>10,323.45</b>
<b>IX. Extraordinary items</b>		<b>-</b>
<b>X. Profit / (Loss) before tax</b>		<b>10,323.45</b>
<b>XI. Tax expense / (income):</b>		
<b>Current Tax</b>		
Current Year		<b>1,956.01</b>
Short / (excess) provision for earlier Year		<b>(16.60)</b>
<b>Deferred Tax</b>		
Current Year		<b>1,270.09</b>
Earlier Year		<b>-</b>
<b>MAT Credit Entitlement</b>		<b>(654.26)</b>
<b>Total</b>		<b>2,555.24</b>
<b>XII. Profit / (Loss) for the year (X-XI)</b>		<b>7,768.21</b>
<b>XIII. Less: Minority Interest</b>		<b>1,934.92</b>
<b>XIV. Share of Profit / (loss) of Associate (Refer Note 33)</b>		<b>-</b>
<b>XV. Profit / (loss) after tax, minority interest and share of associate</b>		<b>5,833.29</b>
<b>XVI. Earnings / (loss) per equity share [Nominal value of Share ₹ 10/- (31 March 2013 ₹ 10/-)]</b>		<b>₹</b>
Basic and Diluted		<b>60.08</b>
<b>Notes forming part of the Financial Statements:</b>	Note No. 1, 2 and 3 to 41	

As per our attached report of even date

For and on behalf of the Board of Directors

**For G. D. APTE & CO.**  
Chartered Accountants  
Firm Registration Number: 100515W

**ATUL C. KIRLOSKAR**  
Chairman

**ANIL N. ALAWANI**  
Director

**C. M. DIXIT**  
Partner  
Membership Number: 17532

**ADITI V. CHIRMULE**  
Executive Director &  
Company Secretary

**JASVANDI M. DEOSTHALE**  
Head-Finance

Pune: 15 May 2014

Pune: 15 May 2014

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

(₹ in lakhs)

### A. CASH FLOW FROM OPERATING ACTIVITIES

Profit before tax	10,323.45
<u>Non-cash adjustment to reconcile profit before tax to net cash flows:</u>	
Add:	
Depreciation / Amortization	3,685.17
Provision for Doubtful Advances	0.68
Provision for Doubtful Debts	7.98
Finance Costs	1,430.40
<b>Sub - total</b>	<b>5,124.23</b>
Less:	
Profit on sale of investments (Net)	398.88
Unrealised foreign exchange gain	3.08
Surplus on sale of assets	61.28
Provisions no longer required, written back	71.91
Interest earned	751.88
Dividend on investments	1,404.10
Income from licensing of property	2,327.59
Rental income	14.32
Sundry credit balances appropriated	10.36
<b>Sub - total</b>	<b>5,043.40</b>
<b>Operating profit before working capital changes</b>	<b>10,404.28</b>
<b>Changes in working capital</b>	
Increase / (Decrease) in trade payables	4,870.23
Increase / (Decrease) in long term provisions	(0.43)
Increase / (Decrease) in short term provisions	(88.03)
Increase / (Decrease) in other current liabilities	1.28
Decrease / (Increase) in trade receivables	(3,683.14)
Decrease / (Increase) in inventories	(751.33)
Decrease / (Increase) in long term loans and advances	226.14
Decrease / (Increase) in short term loans and advances	14.97
Decrease / (Increase) in other current and non current assets	(460.04)
<b>Sub - total</b>	<b>129.65</b>
<b>Net cash generated / (utilised) from operations</b>	<b>10,533.93</b>
Direct Taxes Paid	(2,198.07)
<b>NET CASH GENERATED / (UTILISED) FROM OPERATING ACTIVITIES</b>	<b>8,335.86</b>

### B. CASH FLOW FROM INVESTING ACTIVITIES

Sale of investments	725.49
Sale of fixed assets	96.43
Interest received	578.52
Dividend received	1,494.03
Licensing of property	2,327.12
Security deposit	12.84
Rental income	14.32
<b>Sub - total</b>	<b>5,248.75</b>

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014**

	(₹ in lakhs)
Less:	
Purchase of investments	(4,962.78)
Investment in subsidiary	(967.16)
Investments in bank deposits (having original maturity of more than three months)	1,107.10
Purchase of fixed assets, including CWIP and capital advance	(8,739.75)
<b>Sub - total</b>	<b>(13,562.59)</b>
<b>NET CASH GENERATED / (UTILISED) FROM INVESTING ACTIVITIES</b>	<b>(8,313.84)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>	
Interest paid	(1,378.77)
Proceeds from long term borrowings (Net)	500.00
Increase in cash credit	1,559.17
Increase / (Decrease) in short term vendors' bill discounting	(115.24)
Dividend paid	(1,198.36)
Tax on dividend	(291.69)
Fractional shareholding entitlement paid	(0.01)
<b>NET CASH GENERATED / (UTILISED) IN FINANCING ACTIVITIES</b>	<b>(924.90)</b>
<b>D. Net Increase / (Decrease) in cash and cash equivalents</b>	<b>(902.88)</b>
<b>E. Cash and cash equivalents at the beginning of the year</b>	<b>694.80</b>
Add: on account of addition on acquisition of subsidiary	1,458.10
<b>Adjusted cash and cash equivalents at the beginning of the year after addition of balances of subsidiary</b>	<b>2,152.90</b>
<b>F. Cash and Cash equivalents at the end of the year</b>	<b>1,250.02</b>
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>	
Cash on hand	3.70
With banks -	
- on current account	968.78
- unclaimed dividend accounts / fractional entitlement *	277.54
<b>Total cash and cash equivalents</b>	<b>1,250.02</b>

\* The Company can utilise these balances only towards settlement of the respective unclaimed dividend and unclaimed fractional entitlement

**Notes:**

- 1 The above Cash Flow Statements have been prepared under the indirect method setout in Accounting Standard (AS) - 3, 'Cash Flow Statement' noted pursuant to the Companies (Accounting Standards) Rules, 2006, as amended.
- 2 Direct Tax paid is treated as arising from operating activities and are not bifurcated between investment and financing activities.
- 3 All figures in brackets indicate outflow.

As per our attached report of even date

For and on behalf of the Board of Directors

**For G. D. APTE & CO.**  
Chartered Accountants  
Firm Registration Number: 100515W

**ATUL C. KIRLOSKAR**  
Chairman

**ANIL N. ALAWANI**  
Director

**C. M. DIXIT**  
Partner  
Membership Number: 17532

**ADITI V. CHIRMULE**  
Executive Director &  
Company Secretary

**JASVANDI M. DEOSTHALE**  
Head-Finance

Pune: 15 May 2014

Pune: 15 May 2014

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014.

### NOTE 1:

#### BASIS OF PREPARATION

The Consolidated Financial Statements relate to Kirloskar Industries Limited (the Company), its Subsidiary and an Associate. The Company and its subsidiary constitute the Group. The Financial Statements have been prepared in conformity with Generally Accepted Accounting Principles to comply in all material respects with the notified Accounting Standards ('AS') under Companies Accounting Standard Rules, 2006, as amended, the relevant provisions of the Companies Act, 1956, ('the Act'). The Financial Statements have been prepared under the historical cost convention on an accrual basis.

### NOTE 2:

#### 1. BASIS OF CONSOLIDATION

- i. The Financial Statements of the subsidiary and an associate used in the consolidation are drawn up to the same reporting date as of the Company i.e. year ended 31 March 2014 and are prepared based on the accounting policies consistent with those used by the Company.
- ii. The Financial Statements of the group have been prepared in accordance with the AS 21 - 'Consolidated Financial Statements' and AS 23 - 'Accounting for Investments in Associates in Consolidated Financial Statements' notified under the Companies (Accounting Standards) Rules, 2006, as amended and other Generally Accepted Accounting Principles in India.
- iii. The Consolidated Financial Statements have been prepared on following basis:
  - a. The Financial Statements of the Company and its subsidiary have been consolidated on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses after eliminating intra-group balances and intra-group transactions resulting in unrealized profits and losses, if any.
  - b. The excess of cost to the Company of its investments in the subsidiary over its share of equity of the subsidiary, at the date on which the investment in the subsidiary is made, is recognised as 'Goodwill' being an asset in the Consolidated Financial Statements. Alternatively, where the share of equity in the subsidiary as on the date of investment is in excess of cost of investment of the Company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the Consolidated Financial Statements.
  - c. Minority interest, if any, in the net assets of consolidated subsidiary consists of the amount of equity attributable to the minority shareholders at the date on which investment is made by the Company in the subsidiary and further movements in their share in the equity, subsequent to the date of investment as stated above.
  - d. Minorities' share in Net Profit / Loss of the subsidiary for the year is identified and adjusted against the income of the group in order to arrive at the Net Profit / Loss attributable to the shareholders of the Company.
  - e. The Consolidated Financial Statements include the share of profit / loss of an associate which has been accounted as per the 'Equity method', in accordance with AS 23 - 'Accounting for Investments in Associates in Consolidated Financial Statements' and accordingly, the share of profit / loss of the associate (the loss being restricted to the cost of investment) has been added to / deducted from the cost of investments. An Associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture of the investor.
  - f. The Consolidated Financial Statements have been prepared substantially in the same format adopted by the parent to the extent possible, as required by AS 21 - 'Consolidated Financial Statements' prescribed by Companies (Accounting Standards) Amendment Rules, 2006.
- iv. The Consolidated Financial Statements include results of following subsidiary and an associate. The names, country of incorporation or residence and proportion of ownership interest are as under:

Name of the company	Country of incorporation	Parent's ultimate holding as on 31 March 2014	Reporting date	Status
a. Kirloskar Ferrous Industries Limited (Subsidiary)	India	51.43%	31.3.2014	Subsidiary
b. Kothrud Power Equipment Limited (Associate)	India	50.00%	31.3.2014	Associate

## NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2014

### 2. OTHER ACCOUNTING POLICIES

They are set out in Note 2 Significant Accounting Policies of the parent Company - Kirloskar Industries Limited

### 3. UNIQUE ACCOUNTING POLICIES ADOPTED BY THE SUBSIDIARY

#### a. Fixed Assets

- i. Borrowing Costs relating to acquisition and construction of qualifying assets are also included to the extent they relate to the period till such assets are ready to be put to use.
- ii. Pre-operative expenditure including trial run expenses comprising of revenue expenses incurred as reduced by the revenue generated during the period up to commencement of commercial production are treated as part of project costs and are capitalized.
- iii. Cost of fixed assets not ready for use before the balance sheet date is disclosed as capital work-in-progress.

#### b. Depreciation / Amortisation

The assets for which rates are higher than rates prescribed by Schedule XIV to the Companies Act, 1956, are used as follows:

Class of Asset	Estimated Useful Life
Plant and Machinery given on lease	5 years
Vehicles	Ranging from 5 to 10 years
Office Equipments	Ranging from 3 to 21 years

Depreciation on the fixed assets of the casting division at Solapur, acquired under the 'Slump Sale Agreement' entered into with Kirloskar Oil Engines Limited, is provided on straight line method at the rates specified in Schedule XIV to the Companies Act, 1956, over the remaining useful life of the asset ranging from 1 year to 18 years.

In respect of specific plant and machinery installed at Koppal and acquired from Kirloskar Oil Engines Limited, depreciation is provided on straight line method at the rates specified in Schedule XIV to the Companies Act, 1956, over the remaining useful life of the asset ranging from 5 years to 9 years.

The Mining right acquired by the company is amortized over 11 years being the period of lease.

#### c. Inventories

- i. Raw Materials, Stores and Spares are valued at lower of cost and net realizable value. Cost is determined using Weighted Average method.
- ii. Work in process and finished goods other than by-products are valued at lower of cost and net realizable value. Cost is arrived at by absorption cost method.
- iii. By-products are valued at net realisable value.
- iv. Necessary provisions are made for obsolete and non-moving inventories as per the policy framed by the management and the value of inventory is net of such provision.
- v. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs necessary to make the sale.

#### d. Foreign Currency Transactions

- i. Forward Exchange Contracts: In respect of transactions covered by forward exchange contracts, the difference between the forward rate and the exchange rate at the date of the transaction is recognised as income or expense over the period of the contract.
- ii. Exchange Differences: Exchange difference arising from foreign currency borrowings are capitalised to the extent that they are regarded as an adjustment to interest costs as per AS 16 - 'Borrowing Costs'.

#### e. Revenue Recognition

- i. Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the customer, which generally coincides with their delivery to customers / customers representatives. Sales reported includes excise duty and excludes discounts, rebates, returns, sales tax and value added tax.

## NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2014

- ii. Lease income in respect of Operating Lease is recognised in the Statement of Profit and Loss on a straight line basis over the lease terms.

### f. Borrowing Costs

Borrowing costs are charged to the Statement of Profit and Loss account except in cases where the borrowings are directly attributable to the acquisition, construction or production of qualifying asset.

### g. Excise Duty

Excise Duty in respect of goods manufactured by the Company is accounted on accrual basis.

### h. Employee Benefits

#### i. Short Term Employee Benefits:

All employee benefits payable within twelve months of rendering of services 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 recognised in the period in which the employee renders the related service.

#### ii. Post Employment Benefits:

##### Defined Benefit Plans:

The employees' gratuity fund scheme, long term compensated absences is Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance Sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on net basis.

#### i. Research and Development Expenses

Revenue expenditure on the Research and Development is charged off as expense in the year in which incurred. Capital expenditure is grouped with Fixed Assets under appropriate heads and depreciation is provided as per the rates applicable.

### NOTE 3:

#### SHARE CAPITAL

##### (a) Authorised, Issued, Subscribed and Paid up Share Capital and Par value per share

Particulars	As at 31 March 2014	
	Number	(₹ in Lakhs)
Authorised Equity Shares of ₹ 10/- each	50,000,000	5,000.00
Issued and Subscribed Equity Shares of ₹ 10/- each	9,708,650	970.87
Called up and Paid up Equity Shares of ₹ 10/- each fully paid	9,708,619	970.87
Share Capital Suspense Account* Equity Shares of ₹ 10/- each fully paid up	31	-
<b>Total</b>	<b>9,708,650</b>	<b>970.87</b>

\* 31 Equity Shares of ₹ 10/- each aggregating to ₹ 310/- to be issued to shareholders of erstwhile Shivaji Works Limited on amalgamation as per scheme sanctioned by Board for Industrial and Financial Reconstruction, are kept in abeyance on the directions of Special Court.

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 31 MARCH 2014**

**(b) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year**

Particulars	As at 31 March 2014	
	Number	₹ in lakhs
Shares outstanding at the beginning of the year	9,708,650	970.87
Add: Shares issued during the year	-	-
Less: Shares bought back during the year	-	-
Shares outstanding at the end of the year	9,708,650	970.87

**(c) Equity shares in the Company held by each shareholder holding more than 5% shares**

Name of Shareholder	As at 31 March 2014	
	No. of Shares held	% of Holding
India Capital Fund Limited	943,439	9.72%
Atul Chandrakant Kirloskar #	1,553,298	16.00%
Rahul Chandrakant Kirloskar ##	1,539,721	15.86%
Gautam Achyut Kulkarni	1,548,269	15.95%
Arti Atul Kirloskar	709,648	7.31%
Jyostna Gautam Kulkarni	726,798	7.49%
Alpana Rahul Kirloskar	709,648	7.31%

# Out of these, 1,553,273 equity shares are held in the individual capacity and 25 equity shares held as a Trustee of C. S. Kirloskar Testamentary Trust.

## Out of these, 1,539,492 equity shares are held in the individual capacity and 229 equity shares held as a Trustee of C. S. Kirloskar Testamentary Trust.

**(d) Details of allotment of shares for consideration other than cash, allotments of bonus shares and shares bought back**

Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
Equity Shares :					
Fully paid up by way of bonus shares	-	-	-	-	-
Allotted pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Shares bought back	-	-	-	-	-

(e) Each holder of equity share is entitled to one vote per share and to receive interim / final dividend as and when declared by the Board of Directors / at the Annual General Meeting. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.



**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 31 MARCH 2014**

(₹ in Lakhs)

As at 31 March 2014

**NOTE 4:**

**RESERVES AND SURPLUS**

**Reserve Fund:**

In terms of Section 45 - IC of the Reserve Bank of India Act, 1934

Balance as per last account 2,071.30

Add: Transfer from surplus of the Statement of Profit and Loss 933.43

3,004.73

**Capital Reserve:**

Balance as per last account -

Add: Addition due to acquisition of subsidiary 4,298.37

4,298.37

**General Reserves :**

Balance as per last account 31,795.19

Add: Current year transfer 723.88

**Closing balance** 32,519.07

**Surplus / (deficit) in the Statement of Profit and Loss :**

Balance as per last account 27,732.68

Add: Reversal of Dividend Distribution Tax 63.00

Add: Net Profit / (Net Loss) For the current year / period 5,833.29

Less: Transfer to Reserve Fund, in terms of Section 45 - IC of the Reserve Bank of India Act, 1934 933.43

Less: Transfer to Reserves 723.88

Less: Proposed Dividends 1,222.03

Less: Tax on Proposed Dividend 291.69

**Net surplus in the Statement of Profit and Loss** 30,457.94

**Total** 70,280.11

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 31 MARCH 2014**

(₹ in Lakhs)

As at 31 March 2014

**NOTE 5:**

**LONG TERM BORROWINGS**

**Long Term Borrowings**

**Secured**

**Term loans**

From Bank 2,000.00

**Other loans**

From Bank under Buyers' Credit 2,523.10

Total (a) 4,523.10

**Unsecured**

**Term loans**

From banks 1,500.00

Total (b) 1,500.00

**Total (a + b)** 6,023.10

**Security for term loans / buyers credit :**

- (i) Secured Term Loan of ₹ 400,000,000/- availed from Bank of Maharashtra (BOM) is secured by an exclusive first charge by way of hypothecation in favour of IDBI Trusteeship Services Limited as Security Trustee for the benefit of BOM, on Hot Blast Stove for MBF - I, Hot Blast Stove for MBF - II, Boiler & Turbo Generator - 5 MW capacity installed at Bevinahalli Village, Koppal District, Karnataka. The loan amount is repayable in 48 equal monthly instalments which commenced from April 2013 with a rate of interest at base rate plus 0.15 percent per annum. The balance outstanding as at 31 March 2014 is ₹ 299,999,989/-, out of which an amount of ₹ 100,000,008/- being repayable in 12 months from the reporting date, has been reflected under Other Current Liabilities as 'Current Maturities of Long Term Borrowings'.
- (ii) Buyers' Credit of US\$ 9,447,647.49 equivalent ₹ 504,619,357 as given below, availed from The Hongkong and Shanghai Banking Corporation Limited (HSBC) is secured by way of hypothecation in favour of IDBI Trusteeship Services Limited as Security Trustee for the benefit of HSBC, on the following specific assets installed at Bevinahalli Village, Koppal District, Karnataka, out of which an amount of ₹ 252,309,680/- being repayable in 12 months from the reporting date, has been reflected under Other Current Liabilities as 'Current Maturities of Long Term Borrowings'.

Asset hypothecated	Amount of loan US \$ (in lakhs)	Amount of loan equivalent INR (in lakhs)	Repayment schedule and interest rate
Core Center Equipment	42.02	2,240.16	Four equal instalments commencing from 8 July 2014 and the last instalment on 29 December 2015 with a rate of interest at Libor plus one percent per annum
Moulding Plant Equipment	52.46	2,806.03	Four equal instalments commencing from 31 July 2014 and the last instalment on 9 October 2015 with a rate of interest at Libor plus one percent per annum
<b>Total</b>	<b>94.48</b>	<b>5,046.19</b>	

Unsecured term loan of ₹ 150,000,000 is availed from BNP Paribas on 20 March 2014 for a tenure of 14 months at interest rate of 10% per annum. Interest payable monthly and Bullet repayment of principal amount at the end of tenure.

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 31 MARCH 2014**

(₹ in Lakhs)

As at 31 March 2014

**NOTE 6 :**

**DEFERRED TAX LIABILITY (NET)**

**Deferred Tax Liability**

Depreciation	6,544.55
Others	1.56
Total liability (a)	6,546.11

**Deferred Tax Assets**

Disallowance under Section 43 B of Income Tax Act, 1961	75.50
Provision for doubtful debts	52.97
Total assets (b)	128.47

**Net Deferred Tax Liability**

6,417.64

**NOTE 7:**

**OTHER LONG TERM LIABILITIES**

Security Deposits	1,111.64
<b>Total</b>	<b>1,111.64</b>

**NOTE 8:**

**LONG TERM PROVISIONS**

**Provision for employee benefits**

Gratuity	20.15
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**Others provisions**

Provision for Operation and Maintenance of Windmills	27.00
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**Total**

47.15

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 31 MARCH 2014**

(₹ in Lakhs)

As at 31 March 2014

**NOTE 9:**

**SHORT TERM BORROWINGS**

**Secured**

Loans payable on demand	
- Cash credit from banks	<b>8,505.44</b>

**Unsecured**

Loans payable on demand	
- Vendors' Bills Discounted	<b>910.73</b>

<b>Total</b>	<b>9,416.17</b>
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**Security for secured loans :**

Working capital facilities with Consortium Banks (fund based and non fund based) aggregating to ₹ 4,500,000,000 are secured by first charge by way of hypothecation on the current assets both present and future, in favour of IDBI Trusteeship Services Limited, as Security Trustees, for the benefit of consortium banks.

(₹ in lakhs)

Particulars	Amount
Outstanding amount under non fund based limits :	
i. Aggregate value of the amount outstanding under the letters of credit	16,219.73
ii. Aggregate value of guarantees outstanding	276.06

**NOTE 10:**

**TRADE PAYABLES**

Acceptances	<b>10,509.88</b>
Transmission and Wheeling charges	<b>7.58</b>
Others	<b>14,249.36</b>
<b>Total</b>	<b>24,766.82</b>

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 31 MARCH 2014**

(₹ in Lakhs)

As at 31 March 2014

**NOTE 11 :**

**OTHER CURRENT LIABILITIES**

**Creditors for capital goods:**

Acceptances	57.22
Others	1,033.75

**Current maturities for Long Term Borrowings [Refer note 5(i) and 5(ii)]** 3,523.10

**Interest accrued but not due** 86.96

**Investors Education and Protection Fund will be credited by the following amounts, as and when due:**

Unclaimed equity dividend	282.55
Unclaimed fractional entitlement	2.73

**Unclaimed Preference Share Capital and dividend thereon** 1.57

**Other payables :**

Advances from customers	1,090.09
Employee Benefits	598.48
Creditors for expenses	390.28
Taxes and duties	311.03
Exchange differences on forward contracts	254.02
Security Deposits	59.88

**Total** 7,691.66

Disclosure in respect of principal and interest pertaining to the 'Micro, Small and Medium Enterprises Development Act, 2006'. The information has been given in respect of such vendors on the basis of information available with the Company:

(₹ in Lakhs)

Partiuculars	As at 31 March 2014
Total outstanding to MSME Suppliers (not due)	235.66
Principal amount due remaining unpaid	
i. Trade payables	-
ii. Creditors for capital goods	-
Interest on above and unpaid interest	-
Interest paid	0.64
Payment made beyond the appointed day	127.12
Interest due and payable for the period of delay	-
Interest accrued and remaining unpaid at the end of the year	-
Amount of further interest remaining due and payable in succeeding year	-

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 31 MARCH 2014**

(₹ in Lakhs)

As at 31 March 2014

**NOTE 12 :**

**SHORT TERM PROVISIONS**

**Provision for employee benefits**

Gratuity	28.45
Leave Encashment	354.58

**Other Provisions:**

Provision for Dividend	1,222.03
Tax on Proposed Dividend	291.69
Provision for cross subsidy charges	32.17
Commission payable to Directors	38.20
Others	1.84

<b>Total</b>	<b>1,968.96</b>
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**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2014**

**NOTE 13 :  
FIXED ASSETS** (₹ in Lakhs)

Particulars	Tangible Assets (A)										Intangible Assets (B)				Total (A) + Total of (B)			
	Freehold land	Leasehold land	Buildings	Plant and equipment					Vehicles	Office Equipment	Computers & Peripherals	Electrical Installations	Total of (A)	Mining Rights		Computer Software	Total of (B)	
				Plant and equipments	Plant and equipments under lease	Wind power generators	Diesel Generator Set	Furniture and Fixtures										
<b>Gross Block</b>																		
Balance as at 1 April 2013	427.09	442.05	9,304.16	52,502.42	39.01	2,629.69	9.39	188.28		260.05	264.35	164.34	5.76	66,236.59	11.50	302.46	313.96	66,550.55
- Additions	24.98	-	3,955.57	17,098.95	-	-	-	7.02		19.17	35.75	11.46	-	21,152.90	-	63.39	63.39	21,216.29
- Disposals	-	-	-	688.93	-	-	-	-		21.94	1.85	-	-	712.72	-	-	-	712.72
<b>Balance as at 31 March 2014</b>	<b>452.07</b>	<b>442.05</b>	<b>13,259.73</b>	<b>68,912.44</b>	<b>39.01</b>	<b>2,629.69</b>	<b>9.39</b>	<b>195.30</b>		<b>257.28</b>	<b>298.25</b>	<b>175.80</b>	<b>5.76</b>	<b>86,676.77</b>	<b>11.50</b>	<b>365.85</b>	<b>377.35</b>	<b>87,054.12</b>
<b>Accumulated Depreciation</b>																		
Balance as at 1 April 2013	-	-	3,273.36	23,076.45	20.68	1,722.10	1.54	104.79		82.42	135.80	117.98	0.74	28,535.86	5.84	188.57	194.41	28,730.27
- Depreciation charge for the year	-	-	291.29	2,966.37	7.80	271.91	0.97	9.32		42.33	17.27	11.95	0.38	3,619.59	1.04	42.93	43.97	3,663.56
- On Disposals	-	-	-	669.13	-	-	-	-		8.01	0.42	-	-	677.56	-	-	-	677.56
<b>Balance as at 31 March 2014</b>	<b>-</b>	<b>-</b>	<b>3,564.65</b>	<b>25,373.69</b>	<b>28.48</b>	<b>1,994.01</b>	<b>2.51</b>	<b>114.11</b>		<b>116.74</b>	<b>152.65</b>	<b>129.93</b>	<b>1.12</b>	<b>31,477.89</b>	<b>6.88</b>	<b>231.50</b>	<b>238.38</b>	<b>31,716.27</b>
<b>Net Block</b>																		
Balance as at 1 April 2013	427.09	442.05	6,030.80	29,425.97	18.33	907.59	7.85	83.49		177.63	128.55	46.36	5.02	37,700.73	5.66	113.89	119.55	37,820.28
<b>Balance as at 31 March 2014</b>	<b>452.07</b>	<b>442.05</b>	<b>9,695.08</b>	<b>43,538.75</b>	<b>10.53</b>	<b>635.68</b>	<b>6.88</b>	<b>81.19</b>		<b>140.54</b>	<b>145.60</b>	<b>45.87</b>	<b>4.64</b>	<b>55,198.88</b>	<b>4.62</b>	<b>134.35</b>	<b>138.97</b>	<b>55,337.85</b>



**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 31 MARCH 2014**

**NOTE 14 :**

**NON CURRENT INVESTMENTS (AT COST UNLESS OTHERWISE STATED)**

Sr. No.	Particulars	Face Value (₹)	As at 31 March 2014	
			Nos.	₹ in Lakhs
<b>A</b>	<b>Investment Properties</b>			
i	Land (at cost)			
	Opening Balance			15.32
	Add: Purchased during the year			-
	Less: Sold during the year			-
	Closing Balance			<u>15.32</u>
ii	Building (at cost less depreciation)			
	<b>(a) Gross Block</b>			
	Opening Balance			1,667.45
	Add: Purchased during the year			-
	Less: Sold during the year			405.00
	Closing Balance			<u>1,262.45</u>
	<b>(b) Accumulated Depreciation</b>			
	Opening Balance			613.35
	Add: Depreciation for the year			21.61
	Less: On disposals			78.40
	Closing Balance			<u>556.56</u>
	<b>Net Block of Building (a) - (b)</b>			<u>705.89</u>
iii	<b>Total Investment Properties (i) + (ii)</b>			<u>721.21</u>
<b>B</b>	<b>Trade Investments</b>			
1	<b>Quoted</b>			
	<b>Investment in Equity Instruments</b>			
	Fully Paid Equity Shares			
	Kirloskar Brothers Limited	2	18,988,038	28,170.90
	Kirloskar Brothers Investments Limited	10	100	0.04
	Kirloskar Pneumatic Company Limited	10	1,186,866	5,315.61
	Kirloskar Oil Engines Limited	2	5,506,519	8,039.17
	Swaraj Engines Limited	10	2,160,000	36.00
	Cummins India Limited #	2	683	-
	<b>Total</b>			<u>41,561.72</u>

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 31 MARCH 2014**

Sr. No.	Particulars	Face Value (₹)	As at 31 March 2014	
			Nos.	₹ in Lakhs
<b>2</b>	<b>UNQUOTED</b>			
	<b>Investment in Equity Instruments</b>			
	Fully Paid Equity Shares			
<b>(a)</b>	Investment in Associate			
	Kothrud Power Equipment Limited	10	992,143	<b>99.21</b>
	Less: Provision for diminution in value			<b>99.21</b>
	Extent of holding by the Company is 50% (31 March 2013 : 50%) (Refer Note 33)			-
<b>(b)</b>	Others			
	Kirloskar Kenya Limited	K.S. 1000	1,272	<b>8.56</b>
	The Mysore Kirloskar Limited (In liquidation)	10	113,460	<b>27.33</b>
	Less: Provision for diminution in value			<b>27.33</b>
	Kirloskar Proprietary Limited *	100	1	-
	<b>Total</b>			<b>8.56</b>
	<b>Total of Investments</b>			<b>42,291.49</b>

(₹ in Lakhs)

Particulars	As at 31 March 2014
Aggregate amount of quoted investments	
Carrying Cost	<b>41,561.72</b>
Market Value	<b>61,883.31</b>
Aggregate amount of unquoted investments	<b>8.56</b>
Investment Property at carrying cost	<b>721.21</b>
Aggregate amount of diminution in value of investments	<b>126.54</b>

**Notes:**

#At carrying cost of ₹ 36.96

\* At carrying cost of ₹ 100/-

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 31 MARCH 2014**

	(₹ in Lakhs)
	As at 31 March 2014
<b>NOTE 15:</b>	
<b>LONG TERM LOANS &amp; ADVANCES</b>	
<b>Capital Advances</b>	
Unsecured, considered good	302.65
<b>Security Deposits</b>	
Unsecured, considered good	798.59
<b>Advances recoverable in cash or kind</b>	
Unsecured, considered good	
Advance Income Tax (Net of provision for Income Tax ₹ 10,736.37 and provision for Wealth tax ₹ 110.44)	1,361.60
Minimum Alternate Tax Credit Entitlement	1,237.18
Claims receivable	30.57
Loan to Employees	20.01
Unsecured, Considered doubtful	1,117.76
Less: Provision for Doubtful Advances	(1,117.76)
	-
<b>Total</b>	<b>3,750.60</b>

**NOTE 16 :**

**OTHER NON CURRENT ASSETS**

Unsecured, considered good	
Non-current bank balances (Refer Note 20)	7.38
Interest accrued on deposits	1.62
Unsecured, considered doubtful	110.85
Less: Provision for doubtful debts	(110.85)
	-
<b>Total</b>	<b>9.00</b>

**NOTE 17:**

**CURRENT INVESTMENTS**

	Face Value	As at 31 March 2014	
	₹	Nos.	₹ in Lakhs
<b>Trade Investments (unquoted)</b>			
<b>Current Maturities of Long Term Investments *</b>			
Investment in Debentures and Bonds			
The Mysore Kirloskar Limited (In liquidation)			
12.5% Secured Non Convertible Part "B" debentures of ₹ 44/- each	100	30,000	13.20
Less: Provision for diminution in value			(13.20)
			-
<b>Total</b>			<b>-</b>

## NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2014

(₹ in Lakhs)

Particulars	Amount
Aggregate carrying cost of unquoted investments	-
Aggregate amount of diminution in value of investments	13.20

\* In earlier years, the Company had purchased 30,000 debentures of The Mysore Kirloskar Ltd. for ₹13.20 lakhs with an intention of holding the same for more than one year. Accordingly, the Company had classified the same as long term investment under Accounting Standard 13 - 'Accounting for Investments'. Since the debentures have already matured on 1 June 1999, the Company has presented the same as 'Current Maturities of Long term Investments'.

(₹ in Lakhs)

As at 31 March 2014

### NOTE 18:

#### INVENTORIES

Raw material at site	3,648.13
Raw material in transit	6,360.00
Work-in-progress	2,430.15
Finished goods	806.38
Stores and spares	2,731.49
By-products	252.23
Inventories of Renewable Energy Certificates	2.18
<b>Total</b>	<u><u>16,230.56</u></u>

#### Details of Work-in-progress

Castings	1,921.15
Patterns	415.95
Others	93.05
<b>Total</b>	<u><u>2,430.15</u></u>

#### Details of Finished Goods

Pig iron	795.61
Others	10.77
<b>Total</b>	<u><u>806.38</u></u>

### NOTE 19 :

#### TRADE RECEIVABLES

Trade receivables outstanding for a period less than six months from the date they are due for payment

Unsecured, considered good	18,817.00
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Trade receivables outstanding for a period exceeding six months from the date they are due for payment

Unsecured, considered good	211.42
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<b>Total</b>	<u><u>19,028.42</u></u>
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**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 31 MARCH 2014**

(₹ in Lakhs)

As at 31 March 2014

**NOTE 20:**

**CASH AND BANK BALANCES**

**Cash and Cash Equivalents**

**Balances with Banks:**

On Current Accounts	968.78
Unclaimed dividend accounts	274.81
Unclaimed fractional shareholdings account	2.73

Cash on hand	3.70
	1,250.02

**Other Bank Balances:**

Deposits having original maturity exceeding 3 months but due for realisation within 12 months of the reporting date	6,487.90
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**Non current**

Deposits having original maturity exceeding 12 months	6.21
Margin money deposit	1.17
	7.38
Less: Disclosed under Other non-current assets (Refer Note 16)	(7.38)

<b>Total</b>	7,737.92
--------------	----------

**NOTE 21 :**

**SHORT TERM LOANS & ADVANCES**

**Unsecured, considered good:**

Advances recoverable in cash / kind	1,115.37
Balances with Government Authorities	1,619.90
Prepaid expenses	152.75
Service tax credit receivable	9.69
	2,897.71

**Unsecured, considered doubtful:**

Amounts receivable from an associate company	1.13
Less: Provision	(1.13)
	-

<b>Total</b>	2,897.71
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**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 31 MARCH 2014**

(₹ in Lakhs)

As at 31 March 2014

**NOTE 22:**

**OTHER CURRENT ASSETS**

Unbilled revenue from wind power	490.75
Interest accrued on deposits with banks	329.46
Other receivables	4.02
<b>Total</b>	<b>824.23</b>

**NOTE 23:**

**REVENUE FROM OPERATIONS**

**Sale of products:**

Pig Iron	80,748.79
Casting	52,244.97
By-products	4,612.15
Sale of Wind power	601.78
Sale of Renewable Energy Credit and Voluntary Carbon Units	78.30

**Total A** **138,285.99**

Other Operating Income	
Scrap sales	2.34
Miscellaneous	1,403.47

**Total B** **1,405.81**

Interest income on Bank Deposits 751.88

**Total C** **751.88**

**Total (A+B+C)** **140,443.68**

Less: Excise Duty (D) 15,795.62

**Revenue from operations (net) (A+B+C-D)** **124,648.06**

**NOTE 24 :**

**OTHER INCOME**

**Dividend Income**

Non-current investments 1,404.10

**Other non-operating income**

Property licensing fees 2,327.59

Gain on sale of long term investment properties (net) 398.88

Profit on sale of assets (net) 61.28

Rental income and equipment leasing charges 14.32

Insurance claim received 0.70

Excess provisions for expenses no longer required 71.91

Sundry credit balances appropriated 10.36

Miscellaneous income 76.83

**Total** **4,365.97**

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 31 MARCH 2014**

(₹ in Lakhs)

<b>NOTE 25:</b>	<b>2013-14</b>
<b>COST OF MATERIAL CONSUMED</b>	
Stock at the beginning of the year	8,278.58
Add : Purchases	80,347.71
Less : Stock at end of the year	10,008.13
<b>Cost of material consumed</b>	<b>78,618.16</b>

**Details of Raw Material Consumed:**

Iron Ore	23,068.22
Coke	42,819.16
M.S. / C.I. Scrap	10,834.87
Others	1,895.91
<b>Total</b>	<b>78,618.16</b>

**NOTE 26:**

**CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND BY-PRODUCT**

Inventory at the end of the year	
Work-in-progress	2,430.15
Finished goods	806.38
By-Products	252.24
Sub-total	3,488.77
Inventory at the beginning of the year	
Work-in-progress	2,061.52
Finished goods	2,050.26
By-Products	382.49
Sub-total	4,494.27
<b>(Increase) / Decrease</b>	<b>1,005.50</b>

**NOTE 27 :**

**EMPLOYEE BENEFITS**

Salaries and incentives	4,250.68
Contributions to -	
- Provident fund and Labour Welfare Fund	211.51
- Superannuation	23.63
- Gratuity	(45.82)
- Others	25.16
Staff welfare expenses	580.77
<b>Total</b>	<b>5,045.93</b>

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 31 MARCH 2014**

	(₹ in Lakhs)
<b>NOTE 28:</b>	<b>2013-14</b>
<b>FINANCE COST</b>	
Interest	1,396.32
Other Borrowing Costs	34.08
<b>Total</b>	<b>1,430.40</b>
<b>NOTE 29 :</b>	
<b>OPERATING AND OTHER EXPENSES</b>	
<b>A. Operating Expenses</b>	
Consumption of Stores, Spares and Consumables	12,555.28
Power, fuel and water	8,921.67
Fettling and labour charges	1,938.64
Repairs and maintenance	
- Machinery	756.76
- Buildings	132.86
MBF relining expenses	735.97
Machinery hire	74.60
Excise duty on Increase / (Decrease) in closing stock of finished goods	(170.50)
Operation and maintenance charges - Windmill	39.03
Transmission and Wheeling charges	86.73
Cross Subsidy charges	32.17
<b>Total (A)</b>	<b>25,103.21</b>
<b>B. Selling Expenses</b>	
Freight and forwarding expenses ( Net )	498.16
Sales commission and incentive	475.54
Royalty	305.79
Advertisement	5.12
<b>Total (B)</b>	<b>1,284.61</b>
<b>C. Other / Administrative Expenses</b>	
Security staff service	227.75
Legal and professional fees	141.88
Rates and taxes	140.20
Repairs and maintenance - others	84.86
Donations	223.52



**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 31 MARCH 2014**

	(₹ in Lakhs)
	<u>2013-14</u>
Travelling Expenses	174.98
Communication Expenses	57.77
Printing and Stationery Expenses	55.18
Garden and Site Maintenance	40.82
Commission to Directors	28.20
Director Sitting Fees	10.70
Insurance Charges	35.14
Advertisement and Publicity	8.35
Rent	4.02
Postage and Courier Charges	2.46
Investment written off	120.19
Provision no longer required written back	(120.19)
Bad debts written off	28.66
Provision for Doubtful Debts written back	(28.66)
Provision for Doubtful Debts	7.98
Provision for Doubtful Advances	0.68
Miscellaneous Expenses	379.34
Foreign exchange loss (Net)	865.30
Payment to auditors for:	
- Statutory Audit	12.85
- Limited Review	3.00
- Tax Audit	2.40
- Certification	2.18
- Reimbursement of Expenses	0.76
- Other services	2.78
<b>Total (C)</b>	<u>2,513.10</u>
<b>Total (A + B + C)</b>	<u><u>28,900.92</u></u>

**NOTE 30:  
DEPRECIATION AND AMORTIZATION EXPENSE**

On Fixed Assets	3,663.56
On Investment Property	21.61
<b>Total</b>	<u><u>3,685.17</u></u>

## NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2014

### NOTE 31:

Notes on these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the companies. Recognising this purpose, the Company has disclosed only such Notes from the individual financial statements, which:

- a) are necessary for representing a true and fair view of the Consolidated Financial Statements
- b) the notes involving items, which are considered to be material.

### NOTE 32 :

Due to the diversity in the nature of business and business environment the Subsidiary operates in, the Accounting Policies most appropriate to each, for reporting the Financial Statement have been adopted, hence no adjustments have been made to bring about any uniformity in the Accounting Policies in reporting the Consolidated Financial Statement.

### NOTE 33 :

The share of losses in the associate do not warrant a separate recognition in the Consolidated Financial Statements since the same has already exceeded the carrying amount of investment as at April 1, 2013 and full provision for diminution in value of investment has been made in the Standalone Financial Statements as at that date. The associate has continued to incur losses during the year 2013-14 also. The carrying amount of investment in associate has been shown at ₹ 1/- in the Consolidated Financial Statements after adjusting the provision for diminution.

### NOTE 34:

#### CAPITAL AND OTHER COMMITMENTS

		(₹ in Lakhs)
Particulars	As at 31 March 2014	
Estimated amount of contracts remaining to be executed on capital account and not provided for	1,931.36	

### NOTE 35:

#### CONTINGENT LIABILITIES NOT PROVIDED FOR

			(₹ in Lakhs)
Sr. No.	Particulars	As at 31 March 2014	
1	Disputed central excise demands	189.05	
2	Disputed service tax demands	305.92	
3	Disputed sales tax demands	54.43	
4	Disputed income tax demands	1,997.00	
5	Claims against the Company not acknowledged as debt		
	Development charges demanded by PMC	141.21	
	Enercon Counterclaim in respect of Windmill	293.21	
6	Conveyance Deed charges in respect of property	21.51	
7	Labour matters to the extent quantifiable	19.30	
	<b>Total</b>	<b>3,021.63</b>	

### NOTE 36:

#### AMOUNT OF BORROWING COST CAPITALIZED DURING THE YEAR

		(₹ in Lakhs)
Particulars	As at 31 March 2014	
Amount of borrowing cost capitalized	1,106.86	

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 31 MARCH 2014**

**NOTE 37:**

(a) Details of foreign currency exposures that are hedged by derivative instruments or otherwise:

(Amount in Lakhs)

Particulars	Currency	As at 31 March 2014		
		Amount in Foreign Currency	Equivalent Indian Currency	Purpose
Payables	USD	75.88	4,855.26	Hedging the Risk
Loan (Under Buyers' Credit)	USD	94.48	5,046.19	Hedging the Risk

(b) Details of foreign currency exposures that are not hedged by derivative instruments or otherwise:

(Amount in Lakhs)

Particulars	Currency	As at 31 March 2014	
		Amount in Foreign Currency	Equivalent Indian Currency
Trade Receivables	EURO	0.11	9.40
Advance for Supplies	USD	0.12	7.44
	EURO	1.15	94.98
Payables	USD	66.59	3,989.17
	EURO	0.15	12.75

**NOTE 38 :**

**SEGMENT REPORTING**

(₹ in Lakhs)

	Particulars	Year ended 31 March 2014
<b>1</b>	<b>Segment Revenue</b>	
A	- Wind power generation	680.07
B	- Investments (Securities and Properties)	4,788.20
C	- Iron Casting	123,523.60
	<b>Total</b>	<b>128,991.87</b>
	Less: Inter segment revenue	-
	<b>Net Sales / Income from Operations</b>	<b>128,991.87</b>
<b>2</b>	<b>Segment Results</b>	
	Profit (+) / Loss (-) before tax and after interest on 'Iron Casting' segment	
A	- Wind power generation	210.72
B	- Investments (Securities and Properties)	4,296.83
C	-Iron Casting	7,233.82
	<b>Total</b>	<b>11,741.37</b>
	<b>Add / (Less): Interest</b>	(1,430.40)
	Other Unallocable income / (expenditure) net off unallocable income / (expenditure)	12.48
	<b>Total Profit Before Tax</b>	<b>10,323.45</b>

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 31 MARCH 2014**

		(₹ in Lakhs)
	Particulars	Year ended 31 March 2014
<b>3</b>	<b>Total carrying amount of segment assets</b>	
A	- Wind power generation	1,171.86
B	- Investments (Securities and Properties)	49,174.98
C	- Iron Casting	99,155.50
D	- Unallocable corporate assets	879.07
	<b>Total Segment Assets</b>	<b>150,381.41</b>
<b>4</b>	<b>Total amount of segment liabilities</b>	
A	- Wind power generation	73.82
B	- Investments (Securities and Properties)	1,242.21
C	- Iron Casting	55,631.69
D	- Unallocable corporate liabilities	22,182.71
	<b>Total Segment Liabilities</b>	<b>79,130.43</b>
<b>5</b>	<b>Capital Employed</b> (Segment Assets - Segment Liabilities)	
A	- Wind power generation	1,098.04
B	- Investments (Securities and Properties)	47,932.77
C	- Iron Casting	43,523.81
D	- Unallocable corporate assets less liabilities	(21,303.64)
	<b>Total Capital Employed in the Company</b>	<b>71,250.98</b>
<b>6</b>	<b>Total cost incurred during the year to acquire segment assets that are expected to be used during more than one period</b>	
A	- Wind power generation	-
B	- Investments (Securities and Properties)	1.55
C	- Iron Casting	21,214.74
D	- Unallocable corporate assets	-
	<b>Total Assets Acquired</b>	<b>21,216.29</b>
<b>7</b>	<b>Depreciation and Amortization</b>	
A	- Wind power generation	271.91
B	- Investments (Securities and Properties)	22.96
C	- Iron Casting	3,378.58
D	- Unallocable Corporate Depreciation	11.72
	<b>Total Depreciation and Amortization</b>	<b>3,685.17</b>

**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED 31 MARCH 2014**

**Note 39 :**

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 (as per AS – 18):**

Key Management Personnel and their relatives		
Key Management Personnel		Relatives of Key Management Personnel and relationship
Name	Designation	
Aditi V. Chirmule	Executive Director and Company Secretary	None
Mr. R. V. Gumaste	Managing Director – Kirloskar Ferrous Industries Limited	None

**(b) Related Party Transactions:**

₹ in Lakhs

Nature of transaction	Key Management Personnel	Associate Company
Reimbursement of expenses given	-	0.68
Expenses rendering of services	315.97	-
Dividend Paid	1.24	-
<b>Outstanding as at 31 March 2014</b>		
Receivable	-	1.13
Provisions	-	1.13
Payable	201.39	-
Investments	-	-

**NOTE 40:**

**EARNINGS PER SHARE (BASIC AND DILUTED)**

Particulars	for the year ended 31 March 2014
Net Profit after tax as per Statement of Profit and Loss (₹ in Lakhs)	7,768.21
Add: Share of Profit / (Loss) of Associate	-
Less: Minority Interest (₹ in Lakhs)	1,934.92
Net Profit after tax, share in Associate and Minority Interest as per Statement of Profit and Loss (₹ in Lakhs)	5,833.29
Total number of equity shares at the end of the year (B)	97,08,650
Basic and Diluted Earnings Per Share (in ₹) (Nominal value of ₹ 10 per share) (A) / (B)	60.08

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## NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2014

### NOTE 41:

Previous year's figures have not been disclosed as the Consolidation of the Financial Statements in the previous year is not applicable.

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As per our attached report of even date

For and on behalf of the Board of Directors

**For G. D. APTE & CO.**

Chartered Accountants

Firm Registration Number: 100515W

**ATUL C. KIRLOSAR**

Chairman

**ANIL N. ALAWANI**

Director

**C. M. DIXIT**

Partner

Membership Number: 17532

**ADITI V. CHIRMULE**

Executive Director &

Company Secretary

**JASVANDI M. DEOSTHALE**

Head-Finance

Pune: 15 May 2014

Pune: 15 May 2014





Enriching Lives

**KIRLOSKAR INDUSTRIES LIMITED**

A Kirloskar Group Company

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

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

Email: [investorrelations@kirloskar.com](mailto:investorrelations@kirloskar.com) Website: [www.kil.net.in](http://www.kil.net.in) [www.kirloskar.com](http://www.kirloskar.com)

CIN - L29112PN1978PLC088972





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# KIRLOSKAR INDUSTRIES LIMITED

A Kirloskar Group Company

## NOTICE

Notice is hereby given that the Annual General Meeting of Kirloskar Industries Limited ("the Company") will be held on Tuesday, the 2nd day of September 2014 at 11.00 a.m. at S. M. Joshi Socialist Foundation (S. M. Joshi Hall), S. No. 191/192, Navi Peth, near Ganjave Chowk, Pune – 411 030, to transact the following business:

### ORDINARY BUSINESS:

#### ITEM NO. 1:

To receive, consider and adopt the Audited Statement of Profit and Loss for the Financial Year ended 31 March 2014, the Balance Sheet as at that date and the Reports of the Board of Directors and Auditors thereon.

#### ITEM NO. 2:

To declare dividend on equity shares for the Financial Year ended on 31 March 2014.

#### ITEM NO. 3:

To appoint a director in place of Mr. Atul C. Kirloskar, (holding DIN No.00007387), who retires by rotation and being eligible, offers himself for re-appointment.

#### ITEM NO. 4:

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

**"RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification(s) or re-enactment thereof for the time being in force), (corresponding to Section 224 and other applicable provisions, if any, of the Companies Act, 1956), M/s. G. D. Apte & Co., Chartered Accountants, (Firm Registration Number 100515W), be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the 2<sup>nd</sup> Annual General Meeting (after commencement of the Companies Act, 2013), subject to ratification by the shareholders annually, at a remuneration to be decided by the Board of Directors."

### SPECIAL BUSINESS

#### ITEM NO. 5

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force),

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## KIRLOSKAR INDUSTRIES LIMITED

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Mrs. Priyamvada Ranade (holding DIN 06926401), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013, (corresponding to Section 260 of the Companies Act, 1956) and Article 160 of the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five (5) consecutive years commencing from 2<sup>nd</sup> September 2014.”

### ITEM NO. 6

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Vijay Shirke (holding DIN 00006804), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013, (corresponding to Section 260 of the Companies Act, 1956) and Article 160 of the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five (5) consecutive years commencing from 2<sup>nd</sup> September 2014.”

### ITEM NO. 7

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. V. K. Bajhal (holding DIN 00531315), Director of the Company in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of two (2) consecutive years commencing from 2<sup>nd</sup> September 2014.”

### ITEM NO. 8

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Appointment and Qualification of

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Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. S. N. Inamdar (holding DIN 00025180), Director of the Company in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five (5) consecutive years commencing from 2<sup>nd</sup> September 2014.”

### ITEM NO. 9

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

“**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the members of the Company be and is hereby accorded to ratify the remuneration of ₹ 45,000/- (Rupees Forty Five Thousand Only) plus applicable taxes plus travelling and out of pocket expenses at actuals, to be payable to Joshi Apte & Associates, Cost Auditors of the Company, for auditing cost records maintained by the Company for the Financial Year 2014-15.”

### ITEM NO. 10

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

“**RESOLVED THAT** pursuant to the provisions of Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to Clause 49 of the Listing Agreement, the consent of the members of the Company be and is hereby accorded to the Board of Directors to decide and to pay the remuneration by way of commission (over and above the payment of sitting fee(s)) to the Directors of the Company (other than Managing Director / Executive Director or a Director who is in the Whole time employment of the Company), a sum not exceeding one percent per annum of the Net profit of the Company computed in the manner laid down in Section 198 and other applicable provisions, if any of the Companies Act, 2013, for each financial year, commencing from the Financial Year 2014-15.”

### ITEM NO. 11

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

“**RESOLVED THAT** pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Articles of Association of the Company be and is hereby amended by deleting the existing Article 122 and substituting the following new Article 122:

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## KIRLOSKAR INDUSTRIES LIMITED

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“Number of Directors

122. Until otherwise determined by Special Resolution the number of Directors of the Company shall not be less than 3 (three) or more than 15 (fifteen).”

**RESOLVED FURTHER THAT** the Company Secretary of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By Order of the Board of Directors

A handwritten signature in black ink that reads "A.V. Mali".

Ashwini Mali  
Company Secretary

Place: Pune  
Date: 18 July 2014



# KIRLOSKAR INDUSTRIES LIMITED

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## NOTES:

- i. **A MEMBER OF THE COMPANY ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- ii. Proxies, if any, in order to be effective must be received at the Company's Registered Office not later than 48 hours before the time fixed for holding the meeting. Proxies shall not have any right to speak at the meeting.  

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- iii. The Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013, (corresponding to 173 (2) of the Companies Act, 1956), in respect of the Special Business to be transacted at this Annual General Meeting is annexed hereto.
- iv. Details pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking appointment / re-appointment at this Annual General Meeting forms part of the notice.
- v. Pursuant to the provisions of Section 91 of the Companies Act, 2013, (corresponding to Section 154 of the Companies Act, 1956), the Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 26 August 2014 to Tuesday, 2 September 2014, both days inclusive, for determining the names of members eligible for dividend on equity shares, if declared at this Annual General Meeting.
- vi. Dividend on shares as recommended by the Board of Directors, if declared, at this Annual General Meeting, will be paid to those members whose names will appear on the Company's Register of Members as on 25 August 2014. In respect of the shares in the electronic form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.
- vii. Pursuant to Section 205A of the Companies Act, 1956, the amount of unclaimed interim dividend for the financial year 2006-07 has already been transferred to the 'Investor Education and Protection Fund' on 12 March 2014.
- viii. Pursuant to Sections 205A and 205C of the Companies Act, 1956, any money transferred to the unpaid dividend account, which remains unpaid or unclaimed for a period of 7 years from the date of such transfer is now required to be transferred to the 'Investor Education and Protection Fund' set up by the Central Government. Accordingly, the unpaid / unclaimed dividend for the years 2006- 07 onwards will become transferable at the end of respective seven years to the said Fund. Once the amount is so transferred, no claim shall lie against the Fund or the Company in respect of dividend amount thereafter. Shareholders are requested to send their claims, if any, for the financial year 2006-07 onwards, before the amount becomes due

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for transfer to the above Fund. Shareholders are requested to encash the dividend warrants immediately on their receipt by them.

- ix. In order to get their dividend through National Electronic Clearing Service (NECS), members who are holding shares in physical form are requested to inform their bank account details such as the name of the bank, branch, its address, account number, 9 digit MICR code, IFSC code and type of account i.e. Savings or Current or Cash Credit etc. to Link Intime India Private Limited, Registrar and Share Transfer Agent of the Company having its office at 'Akshay' Complex, Block No. 202, 2<sup>nd</sup> Floor, Off Dhole Patil Road, Near Ganesh Temple, Pune – 411 001. Shareholders holding shares in dematerialised form are requested to inform their bank account particulars to their respective Depository Participant and not to the Registrar and Share Transfer Agent / the Company. Those shareholders who do not opt for NECS facility may inform only Bank Account number and Bank name for printing the same on the dividend warrant to ensure safety.

Members who wish to avail the above facility are requested to submit required information to the Registrar and Share Transfer Agent on or before the closing hours on Wednesday, 20 August 2014.

- x. Members are requested to inform change in address or bank mandate to their respective depository participants with whom they are maintaining their demat accounts and with the Registrar and Transfer Agent i.e., M/s Link Intime India Private Limited or the Company Secretary of the Company for the shares held in physical form by a written request duly signed by the member for receiving all communication in future.
- xi. In case members wish to ask for any information about accounts and operations of the Company, they are requested to send their queries in writing at least 7 days in advance of the date of the meeting so that the information can be made available at the time of the meeting.
- xii. Members may avail of the facility of dematerialisation by opening depository accounts with the Depository Participants of either National Securities Depository Limited OR Central Depository Services (India) Limited and get the equity share certificates held by them dematerialised.
- xiii. Members are requested to bring their attendance slip and copy of the Annual Report at the meeting.
- xiv. Members are requested to register their e-mail addresses with the Company / the Registrar and Share Transfer Agent in case of holding of shares in physical form and with concerned Depository Participants in case of shares held in dematerialised form.
- xv. All documents referred to in the Notice or in the accompanying Explanatory Statement are available for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, Sundays and public holidays, between 10.00 a.m. to 12.00 noon, prior to the date of the Annual General Meeting and also available for inspection at the meeting.
- xvi. Pursuant to Section 72 of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014, members are entitled to make a nomination in respect of shares held by them in physical form. Shareholders desirous of making a nomination are requested to send their requests in Form No. SH - 13 in duplicate (which will be made available on request) to the Registrar and Transfer Agent of the Company.

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xvii. The Notice along with Annual Report will be sent electronically indicating the process and manner of E-voting to the members whose e-mail addresses are registered with the depository participants / Company. The physical copy of Notice along with Annual Report will be sent to those members whose email addresses are not registered with the depository participants / Company indicating the process and manner of E-voting.

The members will be entitled to receive physical copy of Annual Reports for the financial year ended 31 March 2014, free of cost, upon sending a request to the Registrar and Transfer Agent or the Company Secretary of the Company. The Notice along with Annual Report will also be available on the Company's website [www.kil.net.in](http://www.kil.net.in); [www.kirloskar.com](http://www.kirloskar.com).

xviii. Voting through electronic means:-

- I. Pursuant to provisions of Section 108 of the Companies Act, 2013 read with the rules made thereunder and Clause 35B of the Listing Agreement, the Company is providing facility of e-voting system to the members holding shares as on 25 July 2014 being cut-off date, to exercise their right to vote on business to be transacted at the Annual General Meeting (AGM) of the Company. The Company has engaged National Securities Depository Limited (NSDL) to provide e-voting facility.

The instructions for Voting through electronic means are as under:

- A. In case a member receives an email from NSDL (for members whose email IDs are registered with the Company / the R & T Agent viz. Link Intime India Private Limited / Depository Participant(s)):
  - i. Open email and open PDF file viz; "KIL Annual Report E-voting. Pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password / PIN for E-voting. Please note that the password is an initial password.
  - ii. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>
  - iii. Click on Shareholder-Login
  - iv. Put user ID and password as initial password / PIN noted in step (i) above. Click Login.
  - v. Password change menu appears. Change the password / PIN with new password of your choice with minimum 8 digits / characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - vi. Home page of E-voting opens. Click on E-voting: Active Voting Cycles.
  - vii. Select "EVEN" of Kirloskar Industries Limited.
  - viii. Now you are ready for E-voting as Cast Vote page opens.
  - ix. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
  - x. Upon confirmation, the message "Vote cast successfully" will be displayed.

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# KIRLOSKAR INDUSTRIES LIMITED

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- xi. Once you have voted on the resolution, you will not be allowed to modify your vote.
- xii. Institutional shareholders (i.e., other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF / JPG Format) of the relevant Board Resolution / Authority Letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer through e-mail to **mjrpcs@gmail.com** with a copy marked to **evoting@nsdl.co.in**

B. In case a member receives physical copy of the Notice of Annual General Meeting (for members whose email IDs are not registered with the Company / the R & T Agent viz. Link Intime India Private Limited Depository Participant (s) or requesting physical copy):

- (i) Initial password will be provided separately in the following format :

EVEN (E-voting Event Number)	USER ID	PASSWORD / PIN
------------------------------	---------	----------------

- (ii) Please follow all steps from Sl. No. (ii) to (xii) above, to cast vote.

II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and E-voting user manual for shareholders available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

If you are already registered with NSDL for E-voting then you can use your existing user ID and password / PIN for casting your vote.

III. You may also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

The E-voting period commences on 27 August 2014 (9.00 a.m.) and ends on 29 August 2014 (6.00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date 25 July 2014, may cast their vote electronically. The E-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

IV. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date 25 July 2014.

V. Mr. Mahesh Risbud, Company Secretary in Practice, (Membership No. FCS 810 CP No. 185) has been appointed as the Scrutinizer to scrutinize the e-voting process (including the physical ballots received from shareholders who don't have access to the e-voting process) in a fair and transparent manner.

VI. The Scrutinizer shall within a period not exceeding 3 (three) working days from the conclusion of the E-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

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## KIRLOSKAR INDUSTRIES LIMITED

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- VII. The Results shall be declared on or after the Annual General Meeting of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.kil.net.in](http://www.kil.net.in); [www.kirloskar.com](http://www.kirloskar.com) and on the website of NSDL within two (2) days of passing of the resolutions at the Annual General Meeting of the Company and communicated to the BSE Limited and National Stock Exchange of India Limited.
- VIII. For members who wish to vote through Ballot Forms
- I. The Ballot Form is provided for the benefit of shareholders, who do not have access to E-voting facility.
  - II. Pursuant to Clause 35B of the Listing Agreement, members who do not have access to E-voting facility, may exercise their right to vote on business to be transacted at the Annual General Meeting of the Company by submitting the Ballot Form enclosed to this Notice.
  - III. Shareholders may fill in the Ballot form enclosed with the Notice (no other form or photocopy of the form will be accepted) and send the same in a sealed envelope addressed to the Scrutinizer, viz. M. J. Risbud, Practicing Company Secretary c/o Link Intime India Private Limited, (Unit: Kirloskar Industries Limited), Block No. 202, Akshay Complex, 2<sup>nd</sup> Floor, Off Dhole Patil Road, Near Ganesh Temple, Pune 411 001, so as to reach by 6 p.m. on 29 August 2014. The Ballot Form received thereafter will be strictly treated as not received.
  - IV. A shareholder can opt for only one mode of voting i.e. either through E-voting or by the Ballot. If a shareholder casts votes by both modes, then voting done through E-voting shall prevail and the Ballot Form shall be treated as invalid.
  - V. Please follow the instructions as mentioned in the Ballot Form.

By Order of the Board of Directors

*A.V.Mali*

Ashwini Mali  
Company Secretary

Place: Pune  
Date: 18 July 2014



# KIRLOSKAR INDUSTRIES LIMITED

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## ANNEXURE TO THE NOTICE

### EXPLANATORY STATEMENT

As required by Section 102 (1) of the Companies Act, 2013 and pursuant to Clause 49 of the Listing Agreement, the following Explanatory Statement sets out all material facts relating to Item Nos. 3, 5 to 11 in the accompanying notice of Annual General Meeting of the Company to be held on Tuesday, the 2nd day of September 2014 at 11.00 a.m. at S. M. Joshi Socialist Foundation (S. M. Joshi Hall) S. No. 191/192, Navi Peth, near Ganjave Chowk, Pune – 411 030.

#### ITEM NO. 3 OF THE NOTICE:

Mr. Atul C. Kirloskar (Age 58 years) began his career with the erstwhile Kirloskar Cummins Limited in the year 1978, where he started out as a trainee. In December, 1981, he was appointed as the Chief Executive of Cummins Diesel Sales and Services.

On 1 November 1984, he was appointed as the Executive Vice President of Kirloskar Industries Limited (KIL), earlier known as Kirloskar Oil Engines Limited. 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 Vice Chairman of KIL and held the position till 25 July 1988 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 Executive Chairman of Kirloskar Oil Engines Limited (earlier known as Kirloskar Engines India Limited).

He is past President of Maharashtra Chamber of Commerce, Industries and Agriculture, Pune.

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

Name of the Company	Board position held	Committee Membership
Five Stars Bulkcarriers Limited	Director	--
G. G. Dandekar Machine Works Limited	Chairman	--
Green Tek Systems (India) Limited	Director	a. Audit Committee – Member
Kirloskar Brothers Investments Limited	Chairman	--
Kirloskar Ferrous Industries Limited	Chairman	a. Finance Committee – Chairman b. Stakeholders Relationship Committee – Chairman c. Nomination and Remuneration Committee - Member
Kirloskar Oil Engines Limited	Executive Chairman	--
Kirloskar Pneumatic Company Limited	Director	--
Kirloskar Proprietary Limited	Director	a. Remuneration Committee - Member

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## KIRLOSKAR INDUSTRIES LIMITED

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Name of the Company	Board position held	Committee Membership
Asara Sales and Investments Private Limited	Chairman	--
Navsai Investments Private Limited	Chairman	--
Toyota Kirloskar Motor Private Limited	Director	--
Kirloskar Kenya Limited, Nairobi, Kenya	Director	--
Kairi Investments LLC, USA	Manager	--
Lakeland Universal Limited, BVI	Director	--

He holds 16,34,573 (16.84%) equity shares in the Company.

This statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

None of other Directors / Key Managerial Personnel of the Company / their relatives except Mr. Atul C. Kirloskar and Ms. Gauri Kirloskar, Director of the Company, being father and daughter, are related to each other.

The Board recommends the Ordinary Resolution set out at Item No. 3 for approval by the shareholders.

### ITEM NO. 5 OF THE NOTICE:

The Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Companies Act, 2013, and the Articles of Association of the Company, Mrs. Priyamvada Ranade as an Additional Director on the Board of the Company with effect from 18 July 2014.

In terms of the provisions of Section 161(1) of the Companies Act, 2013, Mrs. Priyamvada Ranade would hold office up to the date of the Annual General Meeting. She is also proposed to be appointed as an Independent Director for a term of five consecutive years commencing from 2nd September 2014, pursuant to Section 149 (including other applicable provisions, if any) of the Companies Act, 2013 and rules made thereunder.

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Companies Act, 2013, proposing the candidature of Mrs. Priyamvada Ranade for the office of Director of the Company. Mrs. Priyamvada Ranade is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013, and has given her consent to act as a Director.

Pursuant to the provisions of Section 149 of the Companies Act, 2013, an independent director can hold office for a term up to five (5) consecutive years on the Board of a company and as per Section 152 of the Companies Act, 2013, he / she shall not be included in the total number of directors for retirement by rotation.

The Company has received a declaration from Mrs. Priyamvada Ranade that she meets with the criteria of independence as prescribed under Sub-Section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board, Mrs. Priyamvada Ranade fulfills the conditions for her appointment as an Independent Director as specified in the Act. Mrs. Priyamvada Ranade is independent of the management.

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Mrs. Priyamvada Ranade is an Architect and Planner. She has completed her Masters Degree in Town Planning from College of Engineering, Pune (COEP). She is a Practicing Architect with an experience of about 19 years in the field of construction. She is also working as a visiting faculty of Sinhgad Institute for past 10 years.

Mrs. Priyamvada Ranade is not holding any equity shares of the Company.

Keeping in view her vast expertise and knowledge, it will be in the interest of the Company that she is appointed as an Independent Director.

Copy of the draft letter for appointment of Mrs. Priyamvada Ranade as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

This statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Save and except Mrs. Priyamvada Ranade and her relatives, to the extent of their shareholding interest, if any, in the Company, none of other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, in the said resolution.

The Board recommends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the shareholders.

### **ITEM NO. 6 OF THE NOTICE:**

The Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Companies Act, 2013, and the Articles of Association of the Company, Mr. Vijay Shirke as an Additional Director on the Board of the Company with effect from 18 July 2014.

In terms of the provisions of Section 161(1) of the Companies Act, 2013, Mr. Vijay Shirke would hold office up to the date of the Annual General Meeting. He is also proposed to be appointed as an Independent Director for a term of five consecutive years commencing from 2nd September 2014, pursuant to Section 149 (including other applicable provisions, if any) of the Companies Act, 2013 and rules made thereunder.

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Companies Act, 2013, proposing the candidature of Mr. Vijay Shirke for the office of Director of the Company.

Mr. Vijay Shirke is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013, and has given his consent to act as a Director.

Pursuant to the provisions of Section 149 of the Companies Act, 2013, an independent director can hold office for a term up to 5 (five) consecutive years on the Board of a company and as per Section 152 of the Companies Act, 2013, he / she shall not be included in the total number of directors for retirement by rotation.

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The Company has received a declaration from Mr. Vijay Shirke that he meets with the criteria of independence as prescribed under Sub-Section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board, Mr. Vijay Shirke fulfills the conditions for his appointment as an Independent Director as specified in the Act.

Mr. Vijay Shirke began his career with the family owned business of civil construction and engineering in Pune, in the year 1972. He developed Concrete Block making machines in collaboration with Minato S.A. of France under the able guidance of the Late Shri. B. G. Shirke. In the year 1980, Mr. Vijay Shirke started a Galvanizing plant in Pune and facility for manufacture and fabrication of Transmission Tower components. He has executed contracts for construction of houses, villas, school buildings, commercial complexes, library building, etc. in Dubai, Saudi Arabia, Kuwait and Iraq.

In the year 1988, he started manufacturing Concrete Weigh Batching and Mixing Plants of various capacities in technical co-operation with Elba of Germany. During 1991, an agreement was executed with M/s. Potain S.A. for export of tower cranes to ASEAN countries and during the span of two years more than 80 cranes of various capacities were exported and received award from M/s. Potain S.A. itself for the excellent performance.

In the year 2001, Mr. Vijay Shirke diversified his Company's business into infrastructure development i.e., construction of roads, bridges, etc.

In the year 2008, Mr. Vijay Shirke diversified his Company's business into Hospitality business by way of construction, operation and management of MCA Indoor Cricket Academy and Club House at BKC, Mumbai.

Mr. Vijay Shirke is a Director in the following other companies:

Name of the Company	Board position held	Committee Membership
B. G. Shirke Construction Technology Private Limited	Director	-
Siporex India Private Limited	Director	-
Karmaveer Investments Private Limited	Director	-
Kirkland Investments Private Limited	Director	-
Ashwamedh Investments Private Limited	Director	-
Convex Investments & Trading Private Limited	Director	-
Five Stars Bulkcarriers Limited	Director	-
B. G. Shirke Oil and Gas India Private Limited	Director	-

Mr. Vijay Shirke is holding 828 (0.01%) equity shares of the Company.

Keeping in view his vast expertise and knowledge, it will be in the interest of the Company that Mr. Shirke is appointed as an Independent Director.

Copy of the draft letter for appointment of Mr. Vijay Shirke as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

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This statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Save and except Mr. Vijay Shirke and his relatives, to the extent of their shareholding interest, if any, in the Company, none of other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, in the said resolution.

The Board recommends the Ordinary Resolution set out at Item No. 6 of the Notice for approval by the shareholders.

### **ITEM NO. 7 OF THE NOTICE:**

Mr. Viay K. Bajhal is a Non-executive and Independent Director of the Company and was appointed by the Board of Directors on 17 January 2007.

It is proposed to appoint Mr. Vijay K. Bajhal as an Independent Director under Section 149 of the Companies Act, 2013, to hold office for a term of two consecutive years commencing from 2<sup>nd</sup> September 2014.

Mr. Vijay K. Bajhal is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013, and has given his consent to act as a Director.

The Company has received notice in writing from member alongwith the deposit of requisite amount under Section 160 of the Companies Act, 2013, proposing the candidature of Mr. Vijay K. Bajhal for the office of Director of the Company.

The Company has also received declarations from Mr. Vijay K. Bajhal that he meets with the criteria of independence as prescribed under Sub-Section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board, Mr. Vijay K. Bajhal fulfill the conditions for appointment as Independent Director as specified in the Companies Act, 2013. Mr. Vijay K. Bajhal is independent of the management.

Mr. Vijay K. Bajhal, a Chartered Accountant, has over forty years of experience in the field of Finance, Marketing and HRD. He has worked with Life Insurance Corporation of India (LIC), in India and abroad in different positions heading the regions and divisions of LIC. Headed the marketing division of western zone of LIC and was Chief (Organisation Improvement Cell- HRD) where he worked in close association with the International Consultants M/s. BoozAllen and Hamilton for reorganization / restructuring of LIC.

Mr. V. K. Bajhal is not holding any equity shares of the Company.

Copy of the draft letter for appointment of Mr. Vijay K. Bajhal as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

This statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

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Save and except Mr. Vijay K. Bajhal and his relatives, to the extent of their shareholding interest, if any, in the Company, none of other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, in the said resolution.

The Board recommends the Ordinary Resolution set out at Item No. 7 of the Notice for approval by the shareholders.

### ITEM NO. 8 OF THE NOTICE:

Mr. S. N. Inamdar is a Non-executive and Independent Director of the Company and was appointed by the Board of Directors on 30 March 2010.

It is proposed to appoint Mr. S. N. Inamdar as an Independent Director under Section 149 of the Companies Act, 2013, to hold office for a term of five consecutive years commencing from 2<sup>nd</sup> September 2014.

Mr. S. N. Inamdar is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013, and has given his consent to act as a Director.

The Company has received notice in writing from member alongwith the deposit of requisite amount under Section 160 of the Companies Act, 2013, proposing the candidature of Mr. S. N. Inamdar for the office of Director of the Company.

The Company has also received declarations from Mr. S. N. Inamdar that he meets with the criteria of independence as prescribed under Sub-Section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board, Mr. S. N. Inamdar fulfill the conditions for appointment as Independent Director as specified in the Companies Act, 2013. Mr. S. N. Inamdar is independent of the management.

Mr. S. N. Inamdar is a Commerce and Law Graduate and an Advocate by profession. He has been in practice for the last Forty One years. He has specialized in tax and allied laws. He has had a brilliant academic career having stood first in Pune and Mumbai Universities, for B. Com and LLB examinations, respectively. He has also been associated with a number of public charitable institutions.

Mr. S. N. Inamdar is a Director in the following other companies:

Name of the Company	Board position held	Committee Membership
Kirloskar Brothers Limited	Director	1. Audit and Finance Committee – Chairman 2. Nomination and Remuneration Committee – Member 3. Compensation Committee for ESOS - Member
Kirloskar Ferrous Industries Limited	Director	1. Audit Committee – Chairman
Finolex Industries Limited	Director	1. Audit Committee – Chairman 2. Investors' Grievance Committee – Member 3. Nomination and Remuneration Committee - Chairman
Finolex Infrastructure Limited	Director	---

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## KIRLOSKAR INDUSTRIES LIMITED

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Name of the Company	Board position held	Committee Membership
Sudarshan Chemicals Industries Limited	Director	1. Audit Committee – Chairman 2. Nomination and Remuneration Committee – Member 3. Finance Committee - Member
The Ugar Sugar Works Limited	Director	1. Audit Committee – Chairman 2. Nomination and Remuneration Committee – Chairman
Kulkarni Power Tools Limited	Director	1. Remuneration Committee – Chairman
Kirloskar Proprietary Limited	Director	---
Apple Hospital & Research Institute Limited	Director	--
Sakal Papers P. Limited	Director	1. Corporate Social Responsibility Committee - Member

Mr. S. N. Inamdar is holding 1,432 (0.01%) equity shares of the Company.

Copy of the draft letter for appointment of Mr. S. N. Inamdar as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

This statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Save and except Mr. S. N. Inamdar and his relatives, to the extent of their shareholding interest, if any, in the Company, none of other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, in the said resolution.

The Board recommends the Ordinary Resolution set out at Item No. 8 of the Notice for approval by the shareholders.

### ITEM NO. 9 OF THE NOTICE:

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31 March 2015, at a remuneration of ₹ 45,000/- (Rupees Forty Five Thousand Only), plus applicable taxes, plus travelling and out of pocket expenses at actuals.

In accordance with the provisions of Section 148 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 9 of the Notice for ratification of the remuneration payable to the Cost Auditors for the Financial Year ending 31 March 2015.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, in the resolution set out at Item No. 9 of the Notice.

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The Board recommends the Ordinary Resolution set out at Item No. 9 of the Notice for approval by the shareholders.

### **ITEM NO. 10 OF THE NOTICE:**

Pursuant to the provisions of Section 197 of the Companies Act, 2013, a director who is neither in the whole time employment of the Company nor a Managing Director may be paid remuneration, inter alia, by way of commission, at a rate not exceeding 1% of the net profits of the Company, to all such Directors together, if the company has a Managing Director or Whole time Director.

As per the provisions of Clause 49 of the Listing Agreement, all fees / compensation, payable to non-executive directors shall be fixed by the Board of Directors and shall require previous approval of shareholders in general meeting.

Pursuant to the same, the approval of shareholders, is sought for payment of commission to non-executive directors as set out in the resolution at Item No. 10 of this Notice.

All Non-Executive Directors of the Company may be deemed to be concerned or interested in this resolution to the extent of their shareholding and commission which may be received by each of them. The relatives of Non-Executive Director of the Company may be deemed to be concerned or interested in this resolution to the extent of their shareholding.

Mr. Atul C. Kirloskar, Director of the Company, being father of Ms. Gauri Kirloskar and other relatives of Ms. Gauri Kirloskar, to the extent of their shareholding in the Company, may be deemed to be concerned or interested in this resolution.

None of other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested in the resolution set out at Item No. 10 of the Notice.

The Board recommends the Special Resolution set out at Item No. 10 of the Notice for approval by the shareholders.

### **ITEM NO. 11 OF THE NOTICE:**

Provisions of Section 149(1) of the Companies Act, 2013, requires every public limited company to have minimum of three directors and a maximum of 15 Directors on its Board of Directors.

As per existing Article 122 of the Articles of Association of the Company, the number of Directors of the Company shall not be less than 7 and more than 18, including the Special Director, Debenture Director and Corporation Director, if any.

Considering the provisions of Section 149(1) of the Companies Act, 2013, it is proposed to reduce the minimum number of directors to 3 and maximum number of directors to 15 on an enabling basis.

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None of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested in the resolution set out at Item No. 11 of the Notice.

The Board recommends the Special Resolution set out at Item No. 11 of the Notice for approval by the shareholders.

By Order of the Board of Directors

A handwritten signature in black ink that reads "A.V. Mali".

Ashwini Mali  
Company Secretary

Place: Pune  
Date: 18 July 2014



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**ANNUAL GENERAL MEETING ON 2ND SEPTEMBER, 2014**

## ATTENDANCE SLIP

<b>Registered Folio / DP ID &amp; Client ID</b>		
<b>Name and address of the member(s)</b>		
<b>Joint Holder 1 Joint Holder 2</b>		
<b>No. of Shares</b>		
I / We hereby record my / our 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 Tuesday, 2nd September, 2014 at 11.00 a.m.		
Member's Folio / DP ID / Client ID No.	Member's / Proxy's name in Block Letters	Member's / Proxy's Signature
Note: Please complete the Folio / DP ID-Client ID No. and name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the ENTRANCE OF THE MEETING HALL.		

## KIRLOSKAR INDUSTRIES LIMITED

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**ANNUAL GENERAL MEETING ON 2ND SEPTEMBER, 2014**

### PROXY FORM

Name of the member(s).....

Registered address.....

E-mail ID.....

Folio / DP ID & CL ID No.....

I / We being the member(s) of \_\_\_\_\_ shares of the above named Company, hereby appoint:

(1) Name ..... Address.....

Email Id:..... Signature.....or failing him;

(2) Name ..... Address.....

Email Id: ..... Signature.....or failing him;

(3) Name ..... Address.....

Email Id: ..... Signature.....

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on Tuesday, 2nd September, 2014 at 11.00 a.m. at any adjournment thereof in respect of following resolutions:

Resolu- tion No.	Resolution	Number of equity shares	Optional*	
			For	Against
1.	Adoption of the Audited Statement of Profit & Loss, Balance Sheet, Report of Board of Directors and Auditors for Financial Year ended 31 March 2014.			
2.	Declaration of dividend on equity shares for the Financial Year ended 31 March 2014.			
3.	Re-Appointment of Mr. Atul C. Kirloskar, who retires by rotation.			
4.	Appointment of Auditors and fixing their remuneration.			
5.	Appointment of Mrs. Priyamvada Ranade as an Independent Director.			
6.	Appointment of Mr. Vijay Shirke as an Independent Director.			
7.	Appointment of Mr. V. K. Bajhal as an Independent Director.			
8.	Appointment of Mr. S. N. Inamdar as an Independent Director.			
9.	Ratification of remuneration of Joshi Apte & Associates, Cost Accountant as Cost Auditor.			
10.	Payment of Commission to Non-Executive Directors.			
11.	Substitution of Article 122 of the Articles of Association of the Company.			

Signed this ..... day of ....., 2014

Signature of member .....

Signature of Proxy holder .....

Affix Revenue Stamp Re. 1
------------------------------------

Note: 1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.

2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the Annual General Meeting.

\*3. It is optional to put 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he / she thinks appropriate.

4. Please complete all details including details of member(s) in above box before submission.