Enriching Lives

KIRLOSKAR INDUSTRIES LIMITED

A Kirloskar Group Company

28 July 2015

The Manager,
Listing Department,
National Stock Exchange of India Limited
Exchange Plaza, C -1, Block G,
Bandra-Kurla Complex,
Bandra (E),
Mumbai – 400 051

Ref.: Stock Code KIRLOSIND

Dear Sir,

Subject: Annual Report for the period ended 31 March 2015

Pursuant to Clause 31 of the Listing Agreement, please find enclosed six copies each of the following:

1. Annual Report for the year 2014-15
2. FORM A - Pursuant to SEBI Circular No. CIR/CFD/DIL/7/2012, dated 13 August 2012, format of covering letter of the Annual Audit Report to be filed with the stock exchanges
3. Notice of Annual General Meeting

You are kindly requested to take the same on your record.

Thanking you

Yours faithfully,

For Kirloskar Industries Limited

A.V.Mali

KIRLOSKAR INDUSTRIES LTD. PUNE-38

Ashwini V. Mali
Company Secretary &
Compliance Officer

Encl.: As above

Regd. Office : 13 / A, Karve Road, Kothrud, Pune - 411 038.(India)
Phone : +91- (0)20 - 2545 2721 Telefax : +91- (0)20 - 2545 4723 E-mail : investorrelations@kirloskar.com Website : www.kil.net.in
CIN No.: L29112PN1978PLC088972

Enriching Lives

KIRLOSKAR INDUSTRIES LIMITED

A Kirloskar Group Company

ANNUAL REPORT 2014 - 2015

It has always been a matter of great pride for us to be able to serve the world relentlessly through critical engineering solutions - made right here in India, since 1910. And with the 'Make in India' programme gaining momentum, there is greater emphasis on reforms, new initiatives and best-in-class manufacturing infrastructure.

With the winds of change blowing in India's favour, there's never been a better time for us to put it in the league of global champions. With innovative, indigenous offerings, we will ensure that the world continues to look at India with awe and admiration.

Annual Report for the year ended on 31 March 2015

BOARD OF DIRECTORS

Mr. Atul C. Kirloskar (DIN 00007387)	Chairman
Ms. Aditi V. Chirmule (DIN 01138984)	Executive Director
Mr. Vijay K. Bajhal (DIN 00531315)	Director
Mr. Nihal G. Kulkarni (DIN 01139147)	Director
Mr. Shrikrishna N. Inamdar (DIN 00025180)	Director
Mr. Anil N. Alawani (DIN 00036153)	Director
Mrs. Priyamvada A. Ranade (DIN 06926401)	Director
Mr. Tejas P. Deshpande (DIN 01942507)	Additional Director (co-opted w.e.f. 19 May 2015)
Ms. Gauri A. Kirloskar (DIN 03366274)	Director (resigned w.e.f. 29 September 2014)
Mr. Vijay B. Shirke (DIN 00006804)	Director (resigned w.e.f. 26 March 2015)

COMPANY SECRETARY

Mrs. Ashwini V. Mali

CHIEF FINANCIAL OFFICER

Mrs. Jasvandi M. Deosthale

STATUTORY AUDITORS

G. D. Apte & Co., Chartered Accountants

SECRETARIAL AUDITORS

M. J. Risbud & Co., Practicing Company Secretary

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
E mail: 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.kil.net.in
CIN : L29112PN1978PLC088972

LOCATION OF WINDMILLS

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

INFORMATION FOR SHAREHOLDERS

Annual General Meeting

Day and Date	:	Friday, 28 August 2015
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	:	200% (₹ 20/- per share of ₹ 10/- each)
Date of Book Closure	:	21 August 2015 to 28 August 2015 (both days inclusive)

CONTENTS **PAGE NO.**

Decade at a Glance	2
Directors' Report	3
Form A	36
Report on Corporate Governance	37
Auditors' Report	52
Balance Sheet	56
Statement of Profit and Loss	57
Cash Flow Statement	58
Notes to the Accounts	60
Form AOC - 1	87
Consolidated Financial Statements	89

Decade at a glance

(₹ in Millions)

Sr. No	Particulars	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10*	2008 -09	2007-08	2006-07	2005-06
1	Net Sales	34	68	131	138	41	47	21,100	21,564	18,830	13,953
2	Profit Before Tax	543	541	430	692	602	422	1,805	1,874	2,395	2,460
3	Profit After Tax	451	467	361	675	553	387	1,159	1,190	1,784	2,006
4	Dividend Amount	1,942	39	39	39	24	***291	194	388	388	388
5	Dividend (%)	200	40	40	40	25	***75	50	100	200	200
6	Earning Per Share (₹)**	46	48	37	69	57	40	6	6	18	21
7	Book Value Per Share (₹)**	713	689	645	612	548	493	49	47	88	74
8	Share Capital	97	97	97	97	97	97	388	388	194	194
9	Reserves and Surplus	6,826	6,594	6,160	5,844	5,215	4,689	9,212	8,762	8,319	6,990
10	Shareholders' Funds	6,923	6,691	6,257	5,941	5,312	4,786	9,601	9,150	8,513	7,184
11	Loan Funds	-	-	-	-	-	-	3,490	3,429	1,063	670
12	Total Capital Employed	6,923	6,691	6,257	5,941	5,312	4,786	13,091	12,579	9,577	7,854
13	Gross Block	402	401	441	442	439	431	9,924	9,213	5,305	4,834
14	Net Block	130	142	205	237	265	288	6,730	7,109	3,322	1,922
15	Net Current Assets	835	678	792	560	581	299	1,959	1,003	1,245	1,030

* 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 the 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 for Financial Year 2014-15

To the Members,

The Directors have pleasure in presenting this Report with the Audited Annual Accounts of the Company for the year ending 31 March 2015.

FINANCIAL PERFORMANCE:

Particulars	**2014-15 ₹ (in Lakhs)**	2013-14 ₹ (in Lakhs)
Total Income	**6,247.79**	6,377.90
Total Expenditure	**818.98**	970.40
Profit before exceptional items and taxation	**5,428.81**	5,407.50
Profit before taxation	**5,428.81**	5,407.50
Provision for tax (including Deferred Tax)	**915.77**	740.35
Net Profit	**4,513.04**	4,667.15
Balance of Profit / (Loss) from previous year	**30,674.33**	27,732.68
Less: Depreciation	**35.22**	Nil
Add: Reversal of Dividend Distribution Tax	**Nil**	63.00
Add: Transfer from Reserve Fund created under Section 45-IC of the Reserve Bank of India Act, 1934	**3,004.73**	Nil
Surplus available for appropriation	**38,156.88**	32,462.83

APPROPRIATIONS:

Your Directors propose to appropriate the available surplus as follows:

Particulars	**2014-15 ₹ (in Lakhs)**	2013-14 ₹ (in Lakhs)
Transfer to Reserve Fund in terms of Section 45-IC of the Reserve Bank of India Act, 1934	**Nil**	933.43
Proposed Dividend	**1,941.73**	388.35
Tax on proposed dividend	**214.56**	-
Transfer to General Reserve	**-**	466.72
Balance carried to Balance Sheet	**36,000.59**	30,674.33

DIVIDEND:

Your Directors recommend 200% dividend i.e. ₹ 20/- per equity share of ₹ 10/- each (previous year dividend 40% i.e. ₹ 4/- per equity share of ₹ 10/- each) for the Financial Year ended 31 March 2015.

CLASSIFICATION OF THE COMPANY AS A CORE INVESTMENT COMPANY - NON-BANKING FINANCIAL COMPANY (CIC NBFC):

During the year, the Reserve Bank of India vide its letter dated 3 February 2015, clarified that since the Company is an exempted CIC, none of the Bank's Regulation are applicable to the Company. Accordingly. Reserve of ₹ 3,004.73 Lakhs created under Section 45-IC of the Reserve Bank of India, Act, 1934, has been transferred to surplus in the Statement of Profit and Loss.

The Company has not created Reserve under Section 45-IC of the Reserve Bank of India Act, 1934, for the year under

review and income from bank deposits has been disclosed as 'Other Income' during the year 2014-15.

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 80.89 Lakhs units of electricity in the year under review as against 105.43 Lakhs units of electricity in the previous year showing decrease of 23% over the previous year.

The Company is required to apply for Open Access Permission to Maharashtra State Electricity Distribution Company Limited (MSEDCL) every Financial Year. The Company had applied for Open Access Permission to MSEDCL for the Financial Year 1 April 2014 to 31 March 2015, well in time. MSEDCL, in response to the application made for NOC for Open Access, informed the Company, that the approval for sale of wind power under Open Access shall be granted with effect from the date of certain compliances by the Open Access consumer. Pending such compliances, the revenue from sale of wind power for the Financial Year 2014-15, has been accounted for at an estimated rate at which MSEDCL shall purchase the wind power from the Open Access generators.

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 3,000 RECs as against 5,220 RECs in the previous year. This has resulted in revenue of ₹ 45.00 Lakhs (previous year ₹ 78.30 Lakhs) during the year. The Company is having 10,085 RECs units as on 31 March 2015. The Company is not entitled for any RECs for the Financial Year 2014-15, as the Company has to sell the units generated to MSEDCL.

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.

As on 31 March 2015, Kirloskar Ferrous Industries Limited (KFIL) is a subsidiary of your Company and holds 51.43% of the total paid up capital of KFIL.

COMPANY PERFORMANCE:

During the year under review, your Company earned an income of ₹ 6,247.79 Lakhs (previous year ₹ 6,377.90 Lakhs).

The profit before tax is at ₹ 5,428.81 Lakhs (previous year ₹ 5,407.50 Lakhs) after providing for depreciation of ₹ 92.47 Lakhs (previous year ₹ 306.60 Lakhs).

HUMAN RESOURCES:

As on 31 March 2015, the Company has 6 employees on its roll, including the Executive Director.

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 in 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 CONTROL 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 2015, 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.

Pursuant to Rule 5 of Companies (Accounts) Rules, 2014, the Statement containing the salient features of the Financial Statement of a Company's subsidiary and associate companies under the first proviso to Sub-Section (3) of Section 129 of the Companies Act, 2013, ('the Act'), in Form AOC – 1 is required to be enclosed to the Financial Statements.

The Consolidated Financial Statements prepared as per applicable provisions and duly audited by the Statutory Auditors, are presented elsewhere in this Annual Report along with Form AOC - 1.

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.

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 ₹ 1,36,509 Lakhs (previous year ₹ 1,23,216 Lakhs). Sales value has shown a growth of 10.78 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 15.35 percent, while castings sales increased by 5.19 percent compared to previous year.

The profit before tax for the year under review stood at ₹ 7,184 Lakhs as compared to ₹ 5,799 Lakhs of the previous year after providing for depreciation and amortisation.

During the year under review, KFIL availed term loan of ₹ 1.49 crores.

KFIL sold 3,18,023 MT of Pig Iron valued at ₹ 84,366 Lakhs during the Financial Year 2014-15 as compared to 2,75,692 MT of Pig Iron valued at ₹ 71,739 Lakhs in the previous year.

The slowdown in tractor industry has impacted the demand for castings. However, KFIL managed to maintain sale.

KFIL sold 57,257 MT castings aggregating to ₹ 47,446 Lakhs during the Financial Year 2014-15, as compared to 60,396 MT castings aggregating to ₹ 46,004 Lakhs in the previous year.

PARTICULARS OF INFORMATION FORMING PART OF THE BOARDS' REPORT PURSUANT TO SECTION 134 OF THE COMPANIES ACT, 2013, RULE 8 OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

EXTRACT OF ANNUAL RETURN:

The details forming part of the extract of the Annual Return in Form MGT - 9 is annexed herewith as **'Annexure I'** to this Report.

NUMBER OF MEETINGS OF THE BOARD:

During the year under review, four Board Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirements under Section 134 (5) of the Companies Act, 2013, in respect of Directors' Responsibility Statement, your Directors' state that:

a) in the preparation of the Annual Financial Statements for the year ended 31 March 2015, the applicable accounting standards have been followed and there were no material departures;

b) accounting policies as mentioned in Note 2 of the Notes to the Financial Statements have been selected and applied consistently. Further, judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2015 and of the profit of the Company for the year ended on that date;

c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the Annual Financial Statements have been prepared on a going concern basis;

e) proper internal financial controls were in place and that the financial controls were adequate and were operating effectively; and

f) proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

A STATEMENT ON DECLARATION GIVEN BY THE INDEPENDENT DIRECTORS:

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION:

The Company constituted a Nomination and Remuneration Committee. The Board has on the recommendation of the Nomination and Remuneration Committee framed a policy for selection and appointment of Directors, KMPs and Senior Management Personnel and their remuneration. The policy is annexed as **'Annexure II'** to this Report.

AUDITORS:

1. **Statutory Auditors:**

   G. D. Apte & Co., Chartered Accountants, (Firm Registration Number 100515W), Pune, Statutory Auditors of the Company are appointed as Auditors of the Company from the conclusion of the Annual General Meeting (AGM) held on 2 September 2014 till the conclusion of the Annual General Meeting of the Company to be held 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 certificate as per Section 139 of the Companies Act, 2013, has been received by the Company from the Statutory Auditor about their eligibility to continue as Auditors.

2. **Cost Auditors:**

   Pursuant to the provisions of Section 148 of the Companies Act, 2013, read with the Companies (Cost Records and Audit) Rules, 2014, dated 30 June 2014, Joshi Apte & Associates, Cost Auditors, Pune was appointed as the Cost Auditors of the Company for the Financial Year 2014-15.

   Further, the Ministry of Corporate Affairs has Amended the Companies (Cost Records and Audit) Rules, 2014, vide its Notification dated 31 December 2014. As per the Amended Rules, the Company is neither requited to maintain cost records relating to Electricity Industry (Windmills) for the Financial Year 2014-15 in Form (CRA-1) nor is required to get the records audited.

3. **Secretarial Auditors:**

   Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. M. J. Risbud, Practicing Company Secretary (FCS 810 CP 185) to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is annexed herewith as **'Annexure III'** to this Report.

EXPLANATION OR COMMENTS OF STATUTORY AUDITORS AND SECRETARIAL AUDITORS:

There are no qualifications, reservations or adverse remarks or disclaimers made by G. D. Apte & Co., Statutory Auditors, in their Audit Report and by Mr. M. J. Risbud, Practicing Company Secretary, in his Secretarial Audit Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENT UNDER SECTION 186 OF THE COMPANIES ACT, 2013:

Your Company has not given any loan or guarantee or security or made any investment during the year.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188 OF THE COMPANIES ACT, 2013:

Pursuant to the provisions of Section 134 of the Companies Act, 2013, read with Rule 8 (2) of the Companies (Accounts) Rules, 2014, the particulars of contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business. Hence, no particulars are being provided in Form AOC-2. Related Party disclosures as per AS -18 have been provided in Note 31 to the Financial Statements.

STATE OF COMPANY'S AFFAIRS:

Discussion on state of Company's affairs has been covered in the Management Discussion and Analysis Report.

AMOUNTS PROPOSED TO BE CARRIED TO RESERVES:

Particulars of the amounts proposed to be carried to reserves have been covered as part of the financial performance of the Company.

MATERIAL CHANGES AND COMMITMENTS BETWEEN THE DATE OF THE BALANCE SHEET AND THE DATE OF REPORT:

There have been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the Financial Year of the Company to which the Financial Statements relate and the date of this Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

A. Conservation of Energy and Technology Absorption:

The Company has no particulars to report regarding conservation of energy and technology absorption as required under Section 134 (3) (m) of the Companies Act, 2013, read with Rules thereunder.

B. Foreign exchange earnings and outgo:

Sr. No.	Particulars	Amount in ₹
i)	Foreign Exchange earned in terms of actual inflows during the year	6,54,249
ii)	Foreign Exchange outgo during the year in terms of actual outflows	Nil

RISK MANAGEMENT POLICY:

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified are systematically addressed through mitigating actions on a continuing basis. These are discussed at the meetings of the Audit Committee and the Board of Directors of the Company.

CORPORATE SOCIAL RESPONSIBILITY (CSR):

The Company has constituted a Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of the Companies Act, 2013. The details about CSR Policy and initiatives taken by the Company during the year is annexed as '**Annexure IV'** to this Report.

BOARD EVALUATION:

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out performance evaluation of its own performance and that of its committees and individual Directors.

PERFORMANCE AND FINANCIAL POSITION OF EACH OF THE SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES:

Name and Registered Office of the Subsidiary Company	% Holding	Particulars	Amount (₹ in Lakhs)
Kirloskar Ferrous Industries Limited, 13, Laxmanrao Road, Khadki, Pune 411 003	51.43	Total Income	1,36,820.20
		Total Expenditure	1,29,635.75
		Profit before exceptional items and taxation	7,184.45
		Profit before taxation	7,184.45
		Provision for tax (including Deferred Tax)	2,256.81
		Net Profit	4,927.64
		Balance of Profit / (Loss) from previous year	13,394.37
		Less: Proposed Dividend	1,716.35
		Less : Dividend Distribution Tax	351.42
		Less : Transfer to General Reserve	500.00
		Balance carried to Balance Sheet	15,754.24

Name and Registered Office of the Associate Company	% Holding	Particulars	Amount (₹ in Lakhs)
Kirloskar Brothers Limited Udyog Bhavan, Tilak Road, Pune 411 030	23.92	Total Income	1,63,697.66
		Total Expenditure	1,59,013.01
		Profit before exceptional items, finance cost and taxation	4,684.65
		Finance Cost	4,131.76
		Profit before taxation	552.89
		Provision for tax (including Deferred Tax)	(295.80)
		Net Profit	848.69
		Balance of Profit / (Loss) from previous year	Not available
		Less: Proposed Dividend	Not available
		Less : Dividend Distribution Tax	Not available
		Balance carried to Balance Sheet	Not available

Note: The Company does not have significant influence on Kirloskar Brothers Limited (KBL) as it does not participate in the management and / or financial decisions of KBL. As such KBL is not an Associate Company of the Company under Accounting Standard 18, and as such, its financials are not included in the Consolidated Financial Statements of the Company. Hence, the aforesaid information is obtained from the quarter and year ended financial results of KBL approved by its Board on 26 April 2015 and published on 27 April 2015.

Name and Registered Office of the Associate Company	Kothrud Power Equipment Limited 13/A, Karve Road, Kothrud, Pune 411 038
% Holding	50%

Note: The Consolidated Financial Statement does not include the financials of Kothrud Power Equipment Limited. Refer Note No. 33 of the Consolidated Financial Statements of the Company for the Financial Year 2014-15. In view of this, the financial information as required herein above is not given.

CHANGE IN THE NATURE OF BUSINESS, IF ANY:

During the Financial Year under review, there has been no change in the nature of business.

DETAILS OF DIRECTORS, OR KEY MANAGERIAL PERSONNEL WHO WERE APPOINTMENT OR HAVE RESIGNED DURING THE YEAR:

Directors appointed during the year

Name of Director	Designation	Terms of appointment
Mr. Vijay B. Shirke *	Independent Director	Five consecutive years commencing from 2 September 2014 up to 1 September 2019
Mrs. Priyamvada A. Ranade *	Independent Director	Five consecutive years commencing from 2 September 2014 up to 1 September 2019
Mr. Atul C. Kirloskar **	Director	Re-appointed with effect from 2 September 2014, subject to retirement by rotation
Mr. Vijay K. Bajhal ***	Independent Director	Two consecutive years commencing from 2 September 2014 upto 1 September 2016
Mr. Shrikrishna N. Inamdar ***	Independent Director	Five consecutive years commencing from 2 September 2014 up to 1 September 2019

* Mr. Vijay B. Shirke and Mrs. Priyamvada A. Ranade co-opted as Additional Directors on 18 July 2014 and were appointed in the Annual General Meeting held on 2 September 2014.

** Mr. Atul C. Kirloskar retired by rotation and was re-appointed in the Annual General Meeting held on 2 September 2014.

*** Mr. Vijay K. Bajhal and Mr. Shrikrishna N. Inamdar were on the Board of Directors of the Company in the previous year and were reappointed as Independent Directors to comply with the provisions relating to tenure of Independent Directors as per Section 149 of the Companies Act, 2013.

Employees designated as Key Managerial Personnel (KMP) during the year.

Name of KMP	Designation
Ms. Aditi V. Chirmule	Executive Director
Mrs. Jasvandi M. Deosthale	Chief Financial Officer
Mrs. Ashwini V. Mali	Company Secretary

Directors and KMP's resigned during the year

Mr. Anant R. Sathe, Ms. Gauri A. Kirloskar and Mr. Vijay B. Shirke (Independent Director) resigned as Directors with effect from 17 July 2014, 29 September 2014 and 26 March 2015, respectively. The Board places on record its sincere appreciation for the valuable services rendered by them.

Directors proposed to be appointed / re-appointed at the ensuing Annual General Meeting

The Board of Directors, in its meeting held on 19 May 2014, co-opted Mr. Tejas P. Deshpande as an Additional Independent Director, as recommended by the Nomination and Remuneration Committee of the Company. He holds office of Director up to the date of ensuing Annual General Meeting of the Company.

Mr. Nihal G. Kulkarni, 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, forms part of the Explanatory Statement to the Notice of the Annual General Meeting.

NAMES OF THE COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR:

None.

DETAILS RELATING TO DEPOSITS, COVERED UNDER CHAPTER V OF THE COMPANIES ACT, 2013:

None.

DETAILS OF SIGNIFICIANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:

To the best of our knowledge, the Company has not received any such orders from Regulators, Courts or Tribunals during the year, which may impact the Going Concern Status or the Company's operations in future.

DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROL WITH REFERENCE TO THE FINANCIAL STATEMENTS:

The Company has developed a strong two tier internal control framework comprising entity level controls and process level controls. The entity level controls of the Company include elements such as defined code of conduct, whistle blower policy, rigorous management review and MIS and strong internal audit mechanism. The process level controls have been ensured by implementing appropriate checks and balances to ensure adherence to company policies and procedures, efficiency in operations and also reduce the risk of frauds.

Regular management oversight and rigorous periodic testing of internal controls makes the internal controls environment strong at the Company. The Audit Committee along with the Management oversees results of the internal audit and reviews implementation on a regular basis.

COMPOSITION OF AUDIT COMMITTEE:

The composition of the Audit Committee has been reported in the Corporate Governance Report annexed to this Report.

INFORMATION FORMING PART OF THE DIRECTORS' REPORT PURSUANT TO RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUENRATION OF MANAGERIAL PERSONNEL) RULES, 2014:

The relevant information pursuant to Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed herewith as **'Annexure V'** to this Report.

VIGIL MECHANISM:

The Company has formulated and implemented the Whistle Blower Policy / Vigil Mechanism ('the Policy') during the year under review. This has provided a mechanism for directors and employees of the Company and other persons dealing with the Company to report to the Chairman of the Audit Committee; any instance of unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct. The Policy has also been uploaded on the Company's website.

PREVENTIONS OF SEXUAL HARASSMENTS POLICY:

The Company has also formulated and implemented the Policy for Prevention of Sexual Harassment at work place during the year under review. This would *inter-alia* provide a mechanism for the resolution, settlements or prosecution of acts or instances of sexual harassment at work place and to ensure that all employees are treated with respect and dignity. There were no complaints / cases file / pending with the Company during the year.

CASH FLOW:

A Cash Flow Statement for the year ended 31 March 2015, 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.

ACKNOWLEDGEMENTS:

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

For and on behalf of the Board of Directors

ATUL C. KIRLOSKAR
CHAIRMAN
DIN : 00007387

Date: 19 May 2015
Place: Pune

ANNEXURE I TO THE DIRECTORS' REPORT

FORM NO. MGT -9
EXTRACT OF ANNUAL RETURN
AS AT FINANCIAL YEAR ENDED 31 MARCH 2015
[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i	CIN	L29112PN1978PLC088972
ii	Registration Date	13 June 1978
iii	Name of the Company	Kirloskar Industries Limited
iv	Category / Sub-Category of the Company	Company limited by shares
v	Address of the Registered Office and contact details	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.kil.net.in
vi	Whether listed company	Yes
vii	Name, address and contact details of the Registrar and Share Transfer Agent, if any	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 E mail: pune@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company stated below:-

Sr. No.	Name and description of main products / services	NIC code of the product / service	% to total turnover of the Company
1.	Windmill	400	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	Kirloskar Ferrous Industries Limited 13, Laxmanrao Kirloskar Road, Khadki, Pune 411 003	L27101PN1991PLC063223	Subsidiary	51.43	2(87)(ii)
2.	Kothrud Power Equipment Limited 13A, Karve Road, Kothrud, Pune 411 038	U34107PN1998PLC113623	Associate	50.00	2(6)
3.	Kirloskar Brothers Limited Udyog Bhavan, Tilak Road, Pune 411 002	L29113PN1920PLC000670	Associate	23.92	2(6)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a. Individual / Hindu Undivided Family	68,05,476	Nil	68,05,476	70.10	70,51,534	Nil	70,51,534	72.63	2.53
b. Central Government	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c. State Government (s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d. Bodies Corporates	500	Nil	500	0.01	500	Nil	500	0.01	Nil
e. Banks / Financial Institutions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f. Any other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (A) (1) :-	**68,05,976**	**Nil**	**68,05,976**	**70.10**	**70,52,034**	**Nil**	**70,52,034**	**72.64**	**2.53**
(2) Foreign									
a. Non Resident Indians - Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b. Other – Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c. Bodies Corporates	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d. Banks / Financial Institutions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e. Any other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (A) (2):-	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
Total Shareholding of Promoter (A) = (A) (1) + (A) (2)	**68,05,976**	**Nil**	**68,05,976**	**70.10**	**70,52,034**	**Nil**	**70,52,034**	**72.64**	**2.53**
B. Public Shareholding									
1. Institutions									
a. Mutual Funds	137	2,812	2,949	0.03	137	2,812	2,949	0.03	Nil
b. Banks / Financial Institutions	3,43,353	4,216	3,47,569	3.58	3,35,862	4,216	3,40,078	3.50	(0.08)
c. Central Government	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d. State Government (s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e. Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
f. Insurance Companies	1,18,176	Nil	1,18,176	1.22	1,18,176	Nil	1,18,176	1.22	Nil
g. Foreign Institutional Investors	9,48,230	450	9,48,680	9.77	9,43,466	450	9,43,916	9.72	(0.05)
h. Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i. Others (Specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B) (1)	**14,09,896**	**7,478**	**14,17,374**	**14.60**	**13,97,641**	**7,478**	**14,05,119**	**14.47**	**(0.13)**
1. Non–Institutions									
a. Bodies Corporates									
i. Indian	2,85,261	1,444	2,86,705	2.95	68,424	1,444	69,868	0.72	(2.23)
ii. Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b. Individuals									
i. Individual shareholders holding nominal share capital up to ₹1 Lakh	7,98,251	2,18,393	10,16,644	10.47	7,97,860	2,07,043	10,04,903	10.35	(0.12)
ii. Individual shareholders holding nominal share capital in excess of ₹1 Lakh	1,61,521	Nil	1,61,521	1.66	1,44,806	Nil	1,44,806	1.49	(0.17)
c. Others (Specify)									
i. Clearing members	5,922	Nil	5,922	0.06	16,394	Nil	16,394	0.17	0.11
ii. NRI (Repatriate)	4,222	3,101	7,323	0.08	5,610	3,101	8,711	0.09	(0.01)
iii. NRI (Non–Repatriate)	7,154	Nil	7,154	0.07	6,063	Nil	6,063	0.06	(0.01)
iv. Trusts	Nil	Nil	Nil	Nil	721	Nil	721	0.01	0.01
Sub-total (B) (2) :-	**12,62,331**	**2,22,938**	**14,85,269**	**15.30**	**10,39,878**	**2,11,588**	**12,51,466**	**12.89**	**(2.41)**
Total Public Shareholding (B) = (B) (1) + (B) (2)	**26,72,227**	**2,30,416**	**29,02,643**	**29.90**	**24,37,519**	**2,19,066**	**26,56,585**	**27.36**	**(2.54)**
C. Shares held by custodian for GDRs and ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	**94,78,203**	**2,30,416**	**97,08,619**	**100.00**	**94,89,553**	**2,19,066**	**97,08,619**	**100.00**	**Nil**

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total shares of the Company	% of Shares pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares pledged / encumbered to total shares	
1	Mr. Atul C. Kirloskar	15,53,298	16.00	0.00	16,35,300	16.84	0.00	0.84
2	Mr. Rahul C. Kirloskar	15,39,721	15.86	0.00	16,21,688	16.70	0.00	0.84
3	Mr. Sanjay C. Kirloskar	2,626	0.03	0.00	2,626	0.03	0.00	0.00
4	Mr. Vikram S. Kirloskar	4,632	0.05	0.00	4,632	0.05	0.00	0.00
5	Mr. Gautam A. Kulkarni	15,48,269	15.95	0.00	16,30,358	16.79	0.00	0.84
6	Kirloskar Brothers Investments Limited	200	0.00	0.00	200	0.00	0.00	0.00
7	Mrs. Mrinalini S. Kirloskar	5,856	0.06	0.00	5,856	0.06	0.00	0.00
8	Mrs. Suman C. Kirloskar	3,558	0.04	0.00	3,558	0.04	0.00	0.00
9	Mrs. Roopa J. Gupta	1,392	0.01	0.00	1,392	0.01	0.00	0.00
10	Mrs. Geetanjali V. Kirloskar	2	0.00	0.00	2	0.00	0.00	0.00
11	Mrs. Neeta A. Kulkarni	28	0.00	0.00	28	0.00	0.00	0.00
12	Mrs. Jyotsna G. Kulkarni	7,26,798	7.49	0.00	7,26,798	7.49	0.00	0.00
13	Mrs. Arti A. Kirloskar	7,09,648	7.31	0.00	7,09,648	7.31	0.00	0.00
14	Mrs. Alpana R. Kirloskar	7,09,648	7.31	0.00	7,09,648	7.31	0.00	0.00
15	Navsai Investments Private Limited	100	0.00	0.00	100	0.00	0.00	0.00
16	Alpak Investments Private Limited	100	0.00	0.00	100	0.00	0.00	0.00
17	Achyut & Neeta Holdings & Finance Private Limited	100	0.00	0.00	100	0.00	0.00	0.00

Note: In case of joint holdings, the name of first holder is considered.

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Particulars			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year			**68,05,976**	**70.10**		
Date wise increase / decrease in promoters' shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)						
Date	**Name of Promoter**	**Reason**				
07.04.2014	Mr. Atul C. Kirloskar	Market purchase	77,900	0.80	68,83,876	70.90
07.04.2014	Mr. Rahul C. Kirloskar	Market purchase	77,900	0.80	69,61,776	71.71
07.04.2014	Mr. Gautam A. Kulkarni	Market purchase	77,900	0.80	70,39,676	72.51
09.04.2014	Mr. Gautam A. Kulkarni	Market purchase	400	0.00	70,40,076	72.51
09.04.2014	Mr. Atul C. Kirloskar	Market purchase	388	0.00	70,40,464	72.51
09.04.2014	Mr. Rahul C. Kirloskar	Market purchase	400	0.00	70,40,864	72.52
10.04.2014	Mr. Atul C. Kirloskar	Market purchase	1,712	0.02	70,42,576	72.54
10.04.2014	Mr. Rahul C. Kirloskar	Market purchase	1,700	0.02	70,44,276	72.55
10.04.2014	Mr. Gautam A. Kulkarni	Market purchase	1,741	0.02	70,46,017	72.57
15.04.2014	Mr. Atul C. Kirloskar	Market purchase	500	0.01	70,46,517	72.58
15.04.2014	Mr. Rahul C. Kirloskar	Market purchase	500	0.01	70,47,017	72.58
15.04.2014	Mr. Gautam A. Kulkarni	Market purchase	459	0.01	70,47,476	72.59
16.04.2014	Mr. Atul C. Kirloskar	Market purchase	500	0.01	70,47,976	72.59
16.04.2014	Mr. Rahul C. Kirloskar	Market purchase	436	0.00	70,48,412	72.59
16.04.2014	Mr. Gautam A. Kulkarni	Market purchase	500	0.01	70,48,912	72.60
17.04.2014	Mr. Atul C. Kirloskar	Market purchase	60	0.00	70,48,972	72.60
17.04.2014	Mr. Rahul C. Kirloskar	Market purchase	99	0.00	70,49,071	72.60
21.04.2014	Mr. Atul C. Kirloskar	Market purchase	728	0.01	70,49,799	72.61
21.04.2014	Mr. Rahul C. Kirloskar	Market purchase	796	0.01	70,50,595	72.62
21.04.2014	Mr. Gautam A. Kulkarni	Market purchase	889	0.01	70,51,484	72.63
22.04.2014	Mr. Atul C. Kirloskar	Market purchase	214	0.00	70,51,698	72.63
22.04.2014	Mr. Rahul C. Kirloskar	Market purchase	107	0.00	70,51,805	72.63
22.04.2014	Mr. Gautam A. Kulkarni	Market purchase	100	0.00	70,51,905	72.63
23.04.2014	Mr. Rahul C. Kirloskar	Market purchase	29	0.00	70,51,934	72.63
23.04.2014	Mr. Gautam A. Kulkarni	Market purchase	100	0.00	70,52,034	72.63
At the end of the year					**70,52,034**	**72.63**

(iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	For each of the top ten Shareholders	Reason	Shareholding		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	**India Capital Fund Limited**					
	At the beginning of the year (01.04.2014)		9,43,439	9.72		
	Increase / Decrease in shareholding		No change during the year			
	At the end of the year (31.03.2015)				9,43,439	9.72
2	**Prescient Securities Private Limited**					
	At the beginning of the year (01.04.2014)		2,25,399	2.32		
	Increase as on 04.04.2014	Transfer	4,601	0.05	2,30,000	2.37
	Decrease as on 11.04.2014	Transfer	2,30,000	2.37	-	-
	At the end of the year (31.03.2015)				-	-
3	**The Oriental Insurance Company**					
	At the beginning of the year (01.04.2014)		1,50,477	1.55		
	Decrease as on 05/09/2014	Transfer	1,184	0.01	1,49,293	1.54
	Decrease as on 19/09/2014	Transfer	118	0.00	1,49,175	1.54
	Decrease as on 12/12/2014	Transfer	3,690	0.04	1,45,485	1.50
	At the end of the year (31.03.2015)				1,45,485	1.50
4	**The New India Assurance Company Limited**					
	At the beginning of the year (01.04.2014)		1,33,813	1.38		
	Increase / Decrease in shareholding		No change during the year			
	At the end of the year (31.03.2015)				1,33,813	1.38
5	**General Insurance Corporation of India**					
	At the beginning of the year (01.04.2014)		1,18,176	1.22		
	Increase / Decrease in shareholding		No change during the year			
	At the end of the year (31.03.2015)				1,18,176	1.22

Sr. No.	For each of the top ten Shareholders	Reason	Shareholding		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
6	**Jagdish Amritlal Shah jointly with Shaunak Jagdish shah and Jagruti Shaunak Shah**					
	At the beginning of the year (01.04.2014)		69,886	0.72		
	Decrease as on 05/09/2014	Transfer	8,200	0.08	61,686	0.64
	Decrease as on 12/09/2014	Transfer	1,600	0.02	60,086	0.62
	Decrease as on 19/09/2014	Transfer	1,098	0.01	58,988	0.61
	At the end of the year (31.03.2015)				58,988	0.61
7	**National Insurance Company Limited**					
	At the beginning of the year (01.04.2014)		58,361	0.60		
	Decrease as on 04/07/2014		1,499	0.01	56,862	0.59
	Decrease as on 11/07/2014		1,000	0.01	55,862	0.58
	At the end of the year (31.03.2015)				55,862	0.58
8	**Anil Kumar Goel**					
	At the beginning of the year (01.04.2014)		46,400	0.48		
	Increase / Decrease in shareholding		No change during the year			
	At the end of the year (31.03.2015)				46,400	0.48
9	**Narendra Dattatraya Joshi**					
	At the beginning of the year (01.04.2014)		18,258	0.19		
	Decrease as on 09/05/2014		437	0.01	17,821	0.18
	Decrease as on 23/05/2014		100	0.00	17,721	0.18
	Decrease as on 30/05/2014		302	0.00	17,419	0.18
	Decrease as on 06/06/2014		500	0.01	16,919	0.17
	Decrease as on 13/06/2014		152	0.00	16,767	0.17
	Decrease as on 20/06/2014		200	0.00	16,567	0.17
	Decrease as on 30/06/2014		225	0.00	16,342	0.17
	Decrease as on 04/07/2014		51	0.00	16,291	0.17
	Decrease as on 11/07/2014		200	0.00	16,091	0.17
	Decrease as on 18/07/2014		726	0.01	15,365	0.16
	Decrease as on 25/07/2014		849	0.01	14,516	0.15
	Decrease as on 08/08/2014		501	0.01	14,015	0.14
	Decrease as on 15/08/2014		100	0.00	13,915	0.14
	Decrease as on 22/08/2014		100	0.00	13,815	0.14
	Decrease as on 05/09/2014		8,300	0.09	5,515	0.06
	At the end of the year (31.03.2015)				5,515	0.06

Sr. No.	For each of the top ten Shareholders	Reason	Shareholding		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
10	**Seema Goel**					
	At the beginning of the year (01.04.2014)		15,000	0.15		
	Increase / Decrease in shareholding		No change during the year			
	At the end of the year (31.03.2015)				15,000	0.15
11	**Arun Nahar**					
	At the beginning of the year (01.04.2014)		-	-		
	Increase as on 11/04/2014	Transfer	11,977	0.12	11,977	0.12
	Increase as on 09/01/2015	Transfer	1,977	0.02	13,954	0.14
	At the end of the year (31.03.2015)				13,954	0.14
12	**Bharat Desai**					
	At the beginning of the year (01.04.2014)		-	-		
	Increase as on 05/09/2014	Transfer	9,950	0.10	9,950	0.10
	At the end of the year (31.03.2015)				9,950	0.10
13	**Sharp Stockvision Securities Private Limited**					
	At the beginning of the year (01.04.2014)		-	-		
	Increase as on 19.09.2014		11,888	0.12	11,888	0.12
	At the end of the year (31.03.2015)				11,888	0.12
14	**Jainam Share Consultants Private Limited**					
	At the beginning of the year (01.04.2014)		-	-		
	Increase as on 02.01.2015	Transfer	11,985	0.12	11,985	0.12
	Increase as on 09.01.2015	Transfer	186	0.00	12,171	0.13
	Increase as on 16.01.2015	Transfer	174	0.00	12,345	0.13
	Increase as on 23.01.2015	Transfer	366	0.00	12,711	0.13
	Increase as on 30.01.2015	Transfer	20	0.00	12,731	0.13
	Increase as on 06.02.2015	Transfer	186	0.00	12,917	0.13
	Increase as on 13.02.2015	Transfer	140	0.00	13,057	0.13
	Increase as on 20.02.2015	Transfer	44	0.00	13,101	0.13
	Increase as on 27.02.2015	Transfer	1,031	0.02	14,132	0.15
	Increase as on 06.03.2015	Transfer	868	0.01	15,000	0.15
	Increase as on 13.03.2015	Transfer	72	0.00	15,072	0.16
	Increase as on 20.03.2015	Transfer	14	0.00	15,086	0.16
	Increase as on 27.03.2015	Transfer	22	0.00	15,108	0.16
	Decrease as on 31.03.2015	Transfer	54	0.00	15,054	0.16
	At the end of the year (31.03.2015)				15,054	0.16

Note:

a. In cases of joint holding, the name of the first holder is considered.

b. The shareholding details given above are based on the legal ownership and not beneficial ownership and is derived on the folio number listing provided by the Registrar and Share Transfer Agent of the Company.

(v) Shareholding of Directors and Key Managerial Personnel (KMP):

Sr. No.	For each of the Directors and KMP			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year						
1	Mr. Atul C. Kirloskar, Chairman			15,53,298	16.00	-	-
2	Ms. Aditi V. Chirmule, Executive Director *			Nil	Nil	-	-
3	Mr. Nihal G. Kulkarni			Nil	Nil	-	-
4	Mr. Shrikrishna N. Inamdar			1,432	0.01	-	-
5	Mr. Vijay K. Bajhal			Nil	Nil	-	-
6	Mr. Anil N. Alawani			2,285	0.02	-	-
7	Mrs. Priyamvada A. Ranade**			Nil	Nil	-	-
8	Mr. Vijay B. Shirke***			838	0.01	-	-
9	Mr. Anant R. Sathe ****			Nil	Nil	-	-
10	Ms. Gauri A. Kirloskar *****			Nil	Nil	-	-
11	Mrs. Jasvandi M. Deosthale, Chief Financial Officer*			Nil	Nil	-	-
12	Mrs. Ashwini V. Mali, Company Secretary*			Nil	Nil	-	-
	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc) :						
	Date	**Name of Directors / KMP**	**Reason**				
	07.04.2014	Mr. Atul C. Kirloskar	Market Purchase	77,900	0.80	16,31,198	16.80
	09.04.2014	Mr. Atul C. Kirloskar	Market Purchase	388	0.00	16,31,586	16.81
	10.04.2014	Mr. Atul C. Kirloskar	Market Purchase	1,712	0.02	16,33,298	16.82
	15.04.2014	Mr. Atul C. Kirloskar	Market Purchase	500	0.01	16,33,798	16.83
	16.04.2014	Mr. Atul C. Kirloskar	Market Purchase	500	0.01	16,34,298	16.83
	17.04.2014	Mr. Atul C. Kirloskar	Market Purchase	60	0.00	16,34,358	16.83
	21.04.2014	Mr. Atul C. Kirloskar	Market Purchase	728	0.01	16,35,086	16.84
	22.04.2014	Mr. Atul C. Kirloskar	Market Purchase	214	0.00	16,35,300	16.84
	At the end of the year						
1	Mr. Atul C. Kirloskar, Chairman			-	-	16,35,300	16.84
2	Ms. Aditi V. Chirmule, Executive Director *			-	-	Nil	Nil
3	Mr. Nihal G. Kulkarni			-	-	Nil	Nil
4	Mr. Shrikrishna N. Inamdar			-	-	1,432	0.01
5	Mr. Vijay K. Bajhal			-	-	Nil	Nil
6	Mr. Anil N. Alawani			-	-	2,285	0.02
7	Mrs. Priyamvada A. Ranade**			-	-	Nil	Nil
8	Mr. Vijay B. Shirke***			-	-	NA	NA
9	Mr. Anant R. Sathe ****			-	-	NA	NA
10	Ms. Gauri A. Kirloskar *****			-	-	NA	NA
11	Mrs. Jasvandi M. Deosthale, Chief Financial Officer*			-	-	Nil	Nil
12	Mrs. Ashwini V. Mali, Company Secretary*			-	-	Nil	Nil

* Appointed as Key Managerial Personnel with effect from 18 July 2014.

** Appointed as a Director of the Company with effect from 18 July 2014.

*** Appointed as a Director of the Company with effect from 18 July 2014 and resigned as a Director with effect from 26 March 2015.

**** Resigned as a Director of the Company with effect from 17 July 2014.

***** Resigned as a Director of the Company with effect from 29 September 2014.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment:

NONE

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. REMUNERATION OF MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND / OR MANAGER:

Sr. No.	Particulars of Remuneration	Name of Managing Director / Whole time Director / Manager
		Ms. Aditi V. Chirmule – Executive Director
1.	Gross Salary	
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	29,89,500
	b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	1,93,456
	c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	Nil
2.	Stock Option	Nil
3.	Sweat Equity	Nil
4.	Commission - as % of profit - others, specify …..	12,50,000
5.	Others, please specify	Nil
	Total (A)	**44,32,956**
	Ceiling as per the Companies Act, 2013	**2,74,79,225**

B. REMUNERATION TO OTHER DIRECTORS:

Sr. No.	Particulars of Remuneration	Name of Director				Total Amount	
1	Independent Directors	**Mr. Vijay K. Bajhal**	**Mr. Shrikrishna N. Inamdar**	**Mrs. Priyamvada A. Ranade**	**Mr. Vijay B. Shirke**		
	• Fee for attending board / committee meetings	80,000	1,10,000	70,000	20,000	2,80,000	
	• Commission	1,60,000	2,20,000	1,40,000	40,000	5,60,000	
	• Others, please specify	Nil	Nil	Nil	Nil	Nil	
	Total (1)	**2,40,000**	**3,30,000**	**2,10,000**	**60,000**	**840,000**	
2	Other Non-Executive Directors	**Mr. Atul C. Kirloskar**	**Mr. Nihal G. Kulkarni**	**Ms. Gauri A. Kirloskar**	**Mr. Anil N. Alawani**	**Mr. Anant R. Sathe**	**Total Amount**
	• Fee for attending board / committee meetings	70,000	40,000	10,000	1,40,000	20,000	2,80,000
	• Commission	1,40,000	80,000	20,000	2,80,000	40,000	5,60,000
	• Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil
	Total (2)	**2,10,000**	**1,20,000**	**30,000**	**4,20,000**	**60,000**	**8,40,000**
	Total (B) = (1 + 2)	**4,50,000**	**4,50,000**	**2,40,000**	**4,80,000**	**60,000**	**16,80,000**
	Total Managerial Remuneration	**16,80,000**					
	Overall Ceiling as per the Companies Act, 2013	**54,95,531**					

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MANAGING DIRECTOR / MANAGER / WHOLE TIME DIRECTOR

Sr. No.	Particulars of Remuneration	Mrs. Ashwini V. Mali Company Secretary	Mrs. Jasvandi M. Deosthale Chief Financial Officer	Total
1.	Gross Salary			
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	6,80,448	13,81,232	20,61,680
	b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	Nil	47,770	47,770
	c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission - as % of profit - others, specify …..	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil
	Total	**6,80,448**	**14,29,002**	**21,09,450**

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

1. **Company : None**
2. **Directors : None**
3. **Other Officers in Default: None**

For and on behalf of the Board of Directors

sd/-
ATUL C. KIRLOSKAR
CHAIRMAN
DIN : 00007387

Date: 19 May 2015
Place: Pune

ANNEXURE II TO THE DIRECTORS' REPORT

THE NOMINATION AND REMUNERATION POLICY
(As recommended by the Nomination and Remuneration Committee and approved by the Board)

I. PHILOSOPHY:

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

The Company is committed to provide employment to all eligible applicants on the principles of equality without any discrimination.

The employees have to strictly follow code of ethics and the management practices a zero tolerance for the same.

II. OBJECTIVE:

- To strike the right balance in the composition of the Board of Directors by ensuring experts from different spectrum of the existing and / or future business environment are co-opted on the Board to help the Company achieve its objectives, aspirations and growth potential.
- To implement a transparent process of determining remuneration at Board and Senior Management level of the Company that would strengthen confidence of stakeholders in the Company and its management and help in creation of long - term value for them.
- To strike appropriate balance between the elements comprising the remuneration so as to attract and retain potential high performing candidates for critical position in the Company for attaining continual growth in business.
- To ensure a direct relationship with the Key Result Areas and individual achievements considering short as well as long term performance objectives appropriate to the working of the Company and its goals.

III. COVERAGE:

A. Policy on Board Diversity and Term of Appointment of Independent Directors:

The Board of Directors shall comprise of persons who have expertise in the areas of business that the Company operates in and of such persons having expertise to help the Company to diversify its business at the appropriate times.

The Nomination and Remuneration Committee of the Board shall recommend persons with the requisite expertise to the Board of Directors for co-option on the Board, at its discretion.

The Independent Directors shall be appointed for two terms as follows:

a. Existing or new Independent Directors below the age of 70, for one term of 5 consecutive years;
b. Existing or new Independent Directors above the age of 70, for one term of such number of years as may be required for the said Independent Director to be 75 years of age;
c. Existing Independent Directors between the age of 74 – 75 years, for one term of 2 consecutive years;
d. New Independent Directors not falling under a to c above, for the first term of 5 consecutive years and for a second term of five consecutive years, subject to the result of the evaluation of their performance and also subject to the approval of the shareholders in the general meeting.

B. Guidelines of determining remuneration of:

i. Executive Directors
ii. Non-Executive Directors
iii. Key Managerial Personnel
iv. Senior Management Personnel

IV. REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL

A. DIRECTORS

i. Executive Directors:

The Board of Directors of the Company shall decide the remuneration of Executive Directors on the basis of recommendation from the Nomination and Remuneration Committee (N&RC) subject to the overall limits provided under the Companies Act, 2013 and Rules made thereunder, including any amendments, modifications and re-enactments thereto ('the Act') and in compliance with the provisions of the Listing Agreement as applicable from time to time. The remuneration shall be approved by the shareholders of the Company, as and when required.

The Company shall enter into a contract with every Executive Director, which will set out the terms and conditions of the appointment. The contract shall be recommended by the N&RC approved by the Board. The contract shall be maximum for such tenure as may be provided in the Act subject to such approvals as may be required.

The Board may vary any terms and conditions of the contract subject to such approvals, as may be required under the Act.

Every notice sent to the shareholder for seeking their approval for appointment / re-appointment / remuneration of the Executive Directors shall contain the gist of terms and conditions of the contract.

The remuneration components shall include inter alia:

a. Fixed salary:

Each Executive Director shall be paid fixed salary consisting of basic salary and such allowances and perquisites as may be decided by the Board on the recommendation of the N&RC.

OPTION 1: The revision in the salary may be annually done and shall be determined by the Board as per the appraisal of the performance of each Executive Director by the Board, subject to overall limit approved by the shareholders.

OPTION 2: The salary shall remain fixed for the term of the Executive Director.

b. Commission:

The Board may approve payment of commission subject to the provisions of the Act. The amount of commission to be paid to each of the Executive Director(s), shall be as recommended by the N&RC on the basis of performance evaluation carried out in respect of such Executive Director(s) under Section 178 of the Act and Clause 49 of the Listing Agreement.

c. Non-monetary benefits:

Executive Directors may be entitled to club membership, company vehicle with driver, petrol reimbursement, vehicle maintenance, telephone, fax, internet at residence, reimbursement of mobile phone bill, fully furnished accommodation (in case of use of own residential property for accommodation, house rent allowance shall be paid), furnishings, reimbursement of house maintenance expenditure, reimbursement of gas, electricity bill, water and other utilities and repairs at residence, reimbursement of medical expenditure, including domestic hospitalization expenses for self and family and leave travel assistance.

The Executive Directors may also be entitled to personal accident insurance, group accident insurance coverage, medical insurance coverage, term insurance etc. or any other benefit as per the Company policy.

d. Stock options:

Executive Directors except Promoter Directors may be granted stock options as may be approved by the Board, if they are eligible as per existing or any scheme of stock options by the Company.

e. Compensation for loss of office may be paid as may be approved by the Board subject to the provisions of Section 202 of the Act.

f. Separation / Retirement benefits:

Executive Director shall be eligible to the following perquisites which shall be included in the computation of the ceiling on remuneration provided in the Act:

(a) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961 or any amendment thereof;

(b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and

(c) Encashment of leave at the end of the tenure.

In case of loss or inadequacy of profits of the Company, the aforesaid perquisites shall not be included in computation of the ceiling on remuneration provided in the Act.

ii. Non-Executive Directors:

The Company shall issue a letter of engagement or appointment to every Non-Executive Director.

The components of payment of remuneration to Non-Executive Directors shall include:

a. Sitting fees :

Sitting fees shall be paid for Board and / or any Committee attended by the Directors. Different amount of sitting fees may be paid for different types of meetings.

Sitting fees shall be over and above the limits prescribed in the Act for payment of remuneration but shall not exceed the amount as may be prescribed in the Rules for independent and non-independent directors.

The disclosure of the payment of sitting fees for all types of meetings shall be made in the Annual Report of the Company.

Committees shall include Audit Committee, Nomination and Remuneration Committee, Share Transfer cum Shareholders'/ Investors' Grievance and Stakeholders' Relationship Committee, Corporate Social

Responsibility Committee, or such other committees as may be constituted by the Board from time to time.

b. Commission:

The Board may approve payment of commission subject to the provisions of the Act. The amount of commission to be paid to each of the Non-Executive Director(s), shall be as recommended by the N&RC on the basis of performance evaluation carried out in respect of such Non-Executive Director(s) under Section 178 of the Act and Clause 49 of the Listing Agreement.

c. Stock Options:

Independent Directors and Promoter Directors shall not be entitled for stock options of the Company.

N&RC may recommend issue of stock options to other Directors which may be granted by the Board subject to the compliance of the provisions of relevant laws.

d. Professional fees:

Non Independent Directors may be paid fees for services of professional nature, if in the opinion of N&RC, the Director possesses the requisite qualification for the practice of the profession. The following professionals shall be deemed to be possessing requisite qualification and the N&RC is not required to give their opinion, if the Director is any of the following professional and renders his services to the Company in that capacity:

(a) Journalist
(b) Editor of a magazine but not the publisher or the proprietor
(c) Man of letters writing numerous articles
(d) Author
(e) Engineer
(f) Architect
(g) Solicitor
(h) Stock broker
(i) Film actor
(j) Optician
(k) Commission Agent
(l) Auctioneer, valuer or an estate agent
(m) Chartered Accountant
(n) Advocate

Such professional fees shall not be considered as remuneration for the purpose of the Act.

EXCESS REMUNERATION:

The Board of Directors may decide to remunerate the Director/s beyond the overall limits provided under the Act, subject to compliance of provisions in this regard including obtaining approval of Central Government, if required, owing to loss incurred by the Company or inadequacy of profits and situation entails providing such remuneration.

WAIVING OF EXCESS REMUNERATION:

Any remuneration or sitting fees paid, whether directly or indirectly, to any Director whether Executive or not beyond the limits prescribed under the Act and for which approval of the shareholders or Central Government is not obtained, if required to be obtained, the same shall be refunded to the Company and until such sum is refunded, hold it in trust for the Company.

The Company shall not, in any case, waive the recovery of any such sum unless specific permission is obtained from Central Government for waiving such excess payment.

B. KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL (SMP)

Key Managerial Personnel (KMP) means Chief Executive Officer, Chief Financial Officer and Company Secretary.

The Company shall issue an appointment letter to every KMP and SMP to be signed by the reporting Executive Director. The letter shall detail the expectation from the role, remuneration package and other terms and conditions.

The remuneration components payable to KMP / SMP may be:

a. Fixed salary:

Each KMP / SMP shall be paid fixed salary consisting of basic salary and such allowances and perquisites as per service rules of the Company. The band of the salary shall be determined according to the industry standards, market conditions, scale of Company's business relating to the position, educational qualification parameters and personal experience in the industry as detailed in the service rules of the Company and such other factors as may be prescribed therein.

The same shall be reviewed annually based on the Company's annual appraisal policy.

b. Variable pay:

Variable pay to every KMP shall be as per the responsibility of the position, organisation and individual performance.

The variable pay shall be payable at the end of financial year based on absolute and relative performance evaluation of the Company as well as individual. The weightage of the same will be decided by the N&RC in each case before the beginning of the each financial year.

c. Non-monetary benefits:

Non-monetary benefits to KMP / SMP may include club membership, company vehicle with driver, petrol reimbursement, vehicle maintenance, telephone, fax, internet at residence, reimbursement of mobile phone bill, fully furnished accommodation (in case of use of own residential property for accommodation, house rent allowance shall be paid), furnishings, reimbursement of house maintenance expenditure, reimbursement of gas, electricity bill, water and other utilities and repairs at residence, reimbursement of medical expenditure for self and family and leave travel assistance.

KMP may be entitled to personal accident insurance, group accident insurance coverage, medical insurance coverage, term insurance etc. as per Company policy.

d. Stock options:

To motivate executives to pursue long term growth and objectives of the Company, the Executive Directors may nominate KMP for receiving stock options on the basis of the eligibility criterion of any scheme of stock options declared by the Company.

e. Separation / Retirement benefits:

Separation / retirement benefits as per Company policy which shall include contribution to provident fund, superannuation, gratuity and leave encashment.

DIRECTORS AND OFFICERS LIABILITY INSURANCE:

The Company may take Directors and Officers liability insurance or such insurance of like nature for indemnifying any of the Directors or its KMP against any liability in respect of any negligence, default, misfeasance, breach of duty or trust for which they may be guilty in relation to the Company, the premium paid on such insurance shall not be treated as part of remuneration payable to such personnel. Provided that if such person is proved to be guilty, the premium paid shall be treated as part of remuneration.

CONSULTANTS AND ADVISORS:

The N&RC may take services of such consultants and advisors as may be required to assist in determination of optimum remuneration structure and evaluation of the same for the Company's Directors and Senior Management and shall have the authority to approve the fees payable to such consultants and advisors.

The N&RC shall have access to data of the Company relating to annual operating plan, management and leadership programs, employee survey, initiatives, operational reviews for purpose of undertaking their terms of reference and providing such recommendations as are required under the policy and take such assistance from Executive Director as may be required for assessing the effectiveness and performance of any employee covered under the policy.

sd/-
Atul C. Kirloskar
Chairman of the Board
DIN : 00007387

sd/-
Vijay K. Bajhal
Chairman of the Nomination &
Remuneration Committee
DIN 00531315

Date: 18 July 2014

ANNEXURE III TO THE DIRECTORS' REPORT

M. J. RISBUD & CO.
Company Secretaries
2, Annapoorna Apartments, Model Colony,
1034 Shivajinagar, Canal Road, Pune - 411 016.
Office - (020) 2565 3979, Resi. - 2565 1897
Fax - 2565 4463, Cell - 98220 10522
E-mail - mjrpcs@dataone.in / mjrpcs@gmail.com

SECRETARIAL AUDIT REPORT

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

For The Financial Year Ended 31st March, 2015

To,
The Members of
KIRLOSKAR INDUSTRIES LIMITED
13/A, KARVE ROAD, KOTHRUD
PUNE 411038

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by KIRLOSKAR INDUSTRIES LIMITED, hereinafter called the Company. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; [No incidence during the audit period, hence not applicable]

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;- [No incidence during the audit period, hence not applicable]

   (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; [No incidence during the audit period, hence not applicable]

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; [No incidence during the audit period, hence not applicable]

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;[No incidence during the audit period, hence not applicable]

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;[No incidence during the audit period, hence not applicable]

(vi) No other law is applicable specifically to the Company.

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India. [Not notified, hence not applicable to the Company during the Audit period].

(ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors (except for resignation of one independent director on 26th March, 2015). The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decisions in the Board meeting were taken unanimously during the audit period.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period there no event/action having major bearing on the affairs of the Company.

sd/-
Mahesh J. Risbud
Practicing Company Secretary
FCS No. 810
C P No.: 185
UCN – S1981MH000400

Date: 19 May 2015
Place: Pune

ANNEXURE IV TO THE DIRECTORS' REPORT

ANNUAL REPORT ON CSR ACTIVITIES

(Pursuant to Section 135 of the Companies Act, 2013 and Rule 8(1) of the Companies (CSR Policy) Rules, 2014)

1. **A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:**

   Corporate Social Responsibility (CSR) is based on the CSR Policy. The Company's main focus is on education, environment and health.

   CSR policy is available on the website of the Company www.kil.net.in

2. **The Composition of the CSR Committee:**
   Mr. Anil N. Alawani, Chairman
   Mr. Vijay K. Bajhal, Independent Director
   Ms. Aditi V. Chirmule, Executive Director

3. **Average net profit of the company for last three Financial Years** : ₹ 2,719.90 Lakhs

4. **Prescribed CSR Expenditure (two percentage of the amount as in item 3 above)** : ₹ 54.39 Lakhs

5. **Details of CSR spent during the Financial Year.**
   (a) Total amount to be spent for the Financial Year : ₹ 54.39 Lakhs
   (b) Amount unspent, if any : NA
   (c) Manner in which the amount spent during the Financial Year is detailed below

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	**CSR Project or activity Identified**	**Sector in which the Project is covered**	**Projects or Programme (1) Local area or other (2) Specify the State and district where Project or Programme was undertaken**	**Amount outlay (budget) Project or Program Wise**	**Amount spent on the Projects or Programme Sub heads: (1) Direct expenditure on Projects or Programs (2) Overheads**	**Cumulative Expenditure up to the reporting Period**	**Amount Spent Direct or through implementing agency**
1	Clean Beautiful School (CBS) - Kirloskar WASH Initiative	Promoting healthcare including preventive health care and sanitation	District – Pune, Maharashtra	₹ 18.00 Lakhs	₹ 17.00 Lakhs	₹ 17.00 Lakhs	₹ 17.00 Lakhs through Kirloskar Foundation
2	Clean Beautiful School (CBS) - School Sanitation Improvement Project (SSIP) at Jnana Probhodhini Navanagar Vidyalaya	Promoting healthcare including preventive health care and sanitation	District – Pune, Maharashtra	₹ 20.50 Lakhs	₹ 17.00 Lakhs	₹ 17.00 Lakhs	₹ 17.00 Lakhs through Kirloskar Foundation

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
3	Contribution to education activities towards running Aman Setu-My School	Promoting healthcare including preventive health care and sanitation education	District – Pune, Maharashtra	₹ 15.89 Lakhs and any balance unutilised from the above budget	₹ 21.00 Lakhs	₹ 21.00 Lakhs	₹ 21.00 Lakhs through Madhavi Kapur Foundation
	Total			**₹ 54.39 Lakhs**	**₹ 55.00 Lakhs**	**₹ 55.00 Lakhs**	

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report. : **NA**

7. CSR Committee has hereby confirmed that the implementation and monitoring of CSR activities, is in compliance with CSR objectives and Policy of the Company.

Sd/-
Aditi V. Chirmule
Executive Director
DIN 01138984

Sd/-
Anil N. Alawani
Chairman CSR Committee
DIN 00036153

ANNEXURE V TO THE DIRECTORS' REPORT

INFORMATION FORMING PART OF THE DIRECTORS' REPORT PURSUANT TO RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUENRATION OF MANAGERIAL PERSONNEL) RULES, 2014

Sr. No.	Particulars		
i	The ratio of remuneration of each Director to the median remuneration of the employees of the Company for the financial year	**Name of Director**	**Ratio**
		Mr. Atul C. Kirloskar, Chairman	0.29
		Ms. Aditi V. Chirmule, Executive Director	6.47
		Mr. Nihal G. Kulkarni	0.17
		Ms. Gauri A. Kirloskar *	0.04
		Mr. Anant R. Sathe **	0.08
		Mr. Shrikrishna N. Inamdar	0.46
		Mr. Vijay K. Bajhal	0.33
		Mr. Anil N. Alawani	0.58
		Mrs. Priyamvada A. Ranade***	0.29
		Mr. Vijay B. Shirke****	0.08
ii	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	**Name of Director**	**Percentage increase / (decrease) in the remuneration**
		Mr. Atul C. Kirloskar, Chairman	250.00
		Ms. Aditi V. Chirmule, Executive Director	8.97
		Mr. Nihal G. Kulkarni	200.00
		Ms. Gauri A. Kirloskar *	N. A.
		Mr. Anant R. Sathe **	N. A.
		Mr. Shrikrishna N. Inamdar	106.25
		Mr. Vijay K. Bajhal	200.00
		Mr. Anil N. Alawani	133.33
		Mrs. Priyamvada A. Ranade***	N. A.
		Mr. Vijay B. Shirke****	N. A.
		Mrs. Jasvandi M. Deosthde	26.95
		Mrs. Ashwini V. Mali	10.28
iii	The percentage increase in the median remuneration of employees in the financial year	14.76%	
iv	The number of permanent employees on the rolls of Company	6 including Executive Director	
v	The Explanation on the relationship between average increase in remuneration and Company performance	The increase in remuneration is not solely based on Company performance but also includes various other factors like individual performance, industry trends, economic situation, future growth prospects etc. The Board believes that the increase is in line with the industry.	
vi	Comparison on the remuneration of the Key Managerial Personnel against the performance of the Company	The remuneration is not solely the based on Company performance but also includes various other factors like individual performance, industry trends, economic situation, future growth prospects etc. The Board believes that the increase is in line with the industry.	
vii	Variation in the market capitalisations of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies		**31.03.2015** / **31.03.2014**
		Market Capitalization* (₹ in Lakhs)	51,242.09 / 29,999.63
		PE Ratio*	11.29 / 6.43
		*Source – BSE limited. The Company had not made any public offer.	

Sr. No.	Particulars	
viii	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and	9.75% (on annualised basis)
	its comparison with the percentile increase in the managerial remuneration and	67.92% (on annualised basis).
	justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	There are no exceptional circumstances for increase in the managerial remuneration.
ix	Comparison of the each remuneration of the KMP against the performance of the Company	The increase in remuneration is not solely based on company performance but also includes various other factors like individual performance, industry trends, economic situation, future growth prospects etc. The Board believes that the increase is in line with the industry.
x	The key parameters for any variable component of remuneration availed by the Directors	Commission is the variable component in the remuneration of Director's. As per the Nomination and Remuneration Policy of the Company, the amount of commission is calculated on the basis of performance evaluation of the Directors.
xi	The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year	There are no such cases.
xii	Affirmation	The Board affirms that the remuneration is as per the Nomination and Remuneration Policy of the Company.
xiii	Statement showing the name of every employee of the Company, who - i) if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than sixty lakh rupees; ii) if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than five lakh rupees per month; iii) if employed throughout the financial year, or part therefor, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the Managing Director or Whole-Time Director or Manager and holds by himself or alongwith his spouse and dependent children, not less than two percent of the equity shares of the Company.	Nil

* Resigned as a Director of the Company with effect from 29 September 2014.

** Resigned as a Director of the Company with effect from 17 July 2014.

*** Appointed as a Director of the Company with effect from 18 July 2014

**** Appointed as a Director of the Company with effect from 18 July 2014 and resigned as a Director with effect from 26 March 2015.

For and on behalf of the Board of Directors

sd/-
ATUL C. KIRLOSKAR
CHAIRMAN
DIN : 00007387

Date: 19 May 2015
Place: Pune

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 2015
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: 19 May 2015

For Kirloskar Industries Limited

Sd/-
ADITI V. CHIRMULE
Executive Director
DIN 01138984

For Kirloskar Industries Limited

Sd/-
VIJAY K. BAJHAL
Chairman – Audit Committee
DIN 00531315

For Kirloskar Industries Limited

Sd/-
JASVANDI M. DEOSTHALE
Chief Financial Officer
ACA 111693

Pune: 19 May 2015

Report on Corporate Governance

(Pursuant to Clause 49 of the Listing Agreement)

1. 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.

2. BOARD OF DIRECTORS

a. Composition of the Board

The Board comprised of 7 Directors as on 31 March 2015. Mr. Vijay B. Shirke resigned as a Director of the Company with effect from 26 March 2015.

The Composition of the Board is as under:

Category of Directors	No. of Directors
Executive	1
Non-Executive and Independent	3
Non-Executive and Non Independent	3
Total	7

b. Number of Board Meetings

During the Financial Year under review, four meetings of the Board of Directors were held on 15 May 2014, 18 July 2014, 16 October 2014 and 31 January 2015.

c. Directors' attendance record and directorships held

The information on composition and category of the Board of Directors as on 31 March 2015, attendance of each Director at Board Meetings held during the Financial Year 2014-15 and the Annual General Meeting (AGM) held on 2 September 2014, 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	Number 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
1	**Executive Director** Ms. Aditi V. Chirmule	NA	1#	Nil	Nil	4	Present
	Non - Executive and Non Independent Directors						
2	Mr. Atul C. Kirloskar***	16,35,300	7	1	Nil	4	Present
3	Mr. Nihal G. Kulkarni***	Nil	3	Nil	2	2	Present
4	Ms. Gauri A. Kirloskar****	NA	NA	NA	NA	1	Present
5	Mr. Anil. N. Alawani	2,285	5##	2	3	4	Present
	Non - Executive and Independent Director						
6	Mr. Shrikrishna. N. Inamdar	1,432	7	5	1	4	Absent
7	Mr. Anant R. Sathe*****	NA	NA	NA	NA	1	Present
8	Mr. Vijay K. Bajhal	Nil	2	1	Nil	3	Present
9	Mr. Vijay B. Shirke******	NA	NA	NA	NA	2	Absent
10	Mrs. Priyamvada A. Ranade	Nil	Nil	Nil	Nil	3	Present

Notes:

* Excludes directorships in private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013.

** For this purpose only Audit and Stakeholders' Relationship Committee of the public limited companies has been considered as per Clause 49 of the Listing Agreement.

\# Ceased to be a Director in Nashik Silk Industries Limited with effect from 6 April 2015.

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

**** Resigned as a Director of the Company with effect from 29 September 2014.

\#\# Ceased to be a Director of Kirloskar Brothers Limited with effect from 23 April 2015

***** Resigned as a Director of the Company with effect from 17 July 2014.

****** Resigned as a Director of the Company with effect from 26 March 2015.

d. Criteria for performance evaluation

The Nomination and Remuneration Committee lays down the criteria for performance evaluation of Directors. The annual evaluation of Directors is made on the following criteria:

i. Attendance for the meetings, participation and independence during the meetings;
ii. Interaction with Management;
iii. Role and accountability of the Board; and
iv. Knowledge and proficiency.

e. Meeting of Independent Directors

The meeting of Independent Directors was held on Wednesday, 11 March 2015, to discuss, *inter-alia*:

(a) the performance of Non Independent Directors and the Board as a whole;
(b) the performance of the Chairman of the Company, taking into account the views of Executive Director and Non-Executive Directors;
(c) the quality, quantity and timeliness of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

f. Familiarisation program for Directors

The Company had organized a training programme for its Directors on the nature of the industry in which the Company operates i.e., wind power generation, on 31 January 2015.

The above programme, *inter alia*, covered following areas:

1. Technical overview of wind generation;
2. Business drivers;
3. Regulatory regime;
4. Revenue generation from wind power generation;
5. Wind Business opportunities.

The Company also sponsored its Independent Directors as well as Non-Independent Directors for a residential training programme for Directors organized by the Kirloskar Institute of Advanced Management Studies on 9 February 2015 and 10 February 2015.

The objective of said training programme was to provide an opportunity to the Directors to get a better understanding of the Companies Act, 2013 and other applicable laws, the implications and the impact on the Directors.

The details of such familiarization program has been disclosed on the website of the Company at http://kil.net.in/others/directors-training-program_website.pdf

g. Code of Conduct

The Company has laid down a Code of Conduct for all Board Members and Senior Management Personnel. The Code of Conduct is available on the Company's website viz., www.kil.net.in. All the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct. A declaration to this effect signed by the Executive Director forms part of this Report.

h. 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.

3. AUDIT COMMITTEE

a. Composition

The Audit Committee comprises of five Non - Executive Directors, majority of who are Independent. The composition is in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges in which the Company's Equity Shares are listed.

During the Financial Year under review, four meetings of the Committee were held on 15 May 2014, 18 July 2014, 16 October 2014 and 31 January 2015.

The composition of the Committee and attendance at its meetings is given below:

Sr. No.	Name of the Member Director	Category	No. of meetings attended
1	Mr. Vijay K. Bajhal (Chairman) *	Non – Executive Independent	2
2	Mr. Shrikrishna N. Inamdar	Non – Executive Independent	4
3	Mr. Anant R. Sathe **	Non – Executive Independent	1
5	Mrs. Priyamvada A. Ranade ***	Non – Executive Independent	3
5	Mr. Nihal G. Kulkarni	Non – Executive Non Independent	2
6	Mr. Anil N. Alawani ****	Non – Executive Non Independent	4

* Appointed as a Member of the Committee with effect from 18 July 2014 and Chairman of the Committee with effect from 1 October 2014.

** Resigned as a Director of the Company with effect from 17 July 2014.

*** Appointed as a Member of the Committee with effect from 18 July 2014.

**** Chairman of the Committee up to 30 September 2014.

The Company Secretary acts as the Secretary of the Committee. The Executive Director and Chief Financial Officer also attend the Audit Committee meetings. The representatives of the Internal Auditors, Statutory Auditors and Cost Auditors are invited to the meetings.

b. Terms of Reference

The terms of reference of the Audit Committee include the matters specified under Clause 49 (III) of the Listing Agreement entered into with the Stock Exchanges as well as those in Section 177 of the Companies Act, 2013 and *inter-alia* includes the following:

1. Oversight of the Company's financial reporting process and the disclosures of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
3. Approval of payment to statutory auditors for any other services rendered by the Statutory Auditors.
4. Reviewing, with the management, the Annual Financial Statements and Auditor's Report thereon before submission to the Board, for approval, 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 (c) of Sub - Section 3 of Section 134 of the Companies Act, 2013.
   b) Changes, if any, in accounting policies and practices and reasons for the same.
   c) Major accounting entries involving estimates based on the exercise of judgment by management.
   d) Significant adjustments made in the Financial Statements 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.
5. Reviewing, with the management, the quarterly Financial Statements before submission to the Board for approval.
6. 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 utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing and monitoring the Auditor's independence and performance, and effectiveness of audit process.
8. Approving or any subsequently modifying transactions of the Company with related parties.
9. Scrutinizing inter-corporate loans and investments.
10. Ensuring valuation of undertakings or assets of the Company, wherever it is necessary.
11. Evaluating internal financial controls and risk management systems.
12. Reviewing, with the management, performance of Statutory and Internal Auditors, adequacy of the internal control systems.
13. 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.
14. Discussing with Internal Auditors any significant findings and follow up there on.
15. 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.
16. Discussing 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.
17. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
18. Reviewing the functioning of the Whistle Blower mechanism.
19. Approval of appointment of CFO (i.e., the Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.
20. Mandatorily reviewing the following information:
    a. Management discussion and analysis of financial condition and results of operations;
    b. Statement of significant related party transactions (as defined by the Audit Committee) 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 Internal Auditor.

Carrying out any other function as is mentioned in the terms of reference of Audit Committee as amended from time to time by the Listing Agreement and Companies Act, 2013.

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.

4. NOMINATION AND REMUNERATION COMMITTEE

a. Composition

The Nomination and Remuneration Committee comprises of four Non - Executive Directors, majority of whom are Independent. The composition is in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges in which the Company's Equity Shares are listed.

During the Financial Year under review, three meetings of the Committee were held on 18 July 2014, 16 October 2014 and 31 January 2015.

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. Vijay K. Bajhal (Chairman)	Non-Executive Independent	2
2.	Mr. Shrikrishna N. Inamdar	Non-Executive Independent	3
3.	Mr. Atul C. Kirloskar	Non-Executive Non Independent	3
4.	Mr. Anil N. Alawani	Non-Executive Non Independent	3

b Terms of Reference

The terms of reference of the Nomination and Remuneration Committee include the matters specified under Clause 49 (IV) of the Listing Agreement entered into with the Stock Exchanges as well as those in Section 178 of the Companies Act, 2013 and *inter-alia* includes the following:

i. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
ii. Formulation of criteria for evaluation of Independent Directors and the Board;
iii. Devising a policy on Board diversity;
iv. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
v. Formulation of policy relating to the remuneration for the directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

c Remuneration to Directors

The Board has, on the recommendation of the Nomination and Remuneration Committee framed a policy for selection and appointment of Directors, KMPs and Senior Management Personnel and their remuneration. The copy of the same has been attached as '**Annexure II'** to the Directors' Report.

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) to its Executive Director. The commission to the Executive Director is decided by the Nomination and Remuneration Committee on determination of the profits for the Financial Year and is also approved by the Board of Directors. The remuneration to the Executive Director is in accordance with the provisions of the Companies Act, 2013 and Rules thereof and within ceiling prescribed thereunder.

The members at the Annual General Meeting of the Company held on 2 September 2014, 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 197 and 198 of the Companies Act, 2013.

Upon the recommendation of the Nomination and Remuneration Committee and based on the performance of the Company, the Board of Directors decides the remuneration to Non-Executive Directors by way of commission.

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.

Details of the remuneration paid to Directors during Financial Year 2014-15

Sr. No.	Name of Director	Basic Salary	Allowances	Perquisites & Other Benefits	Sitting Fees	Commission	Total
	Executive Director						
1.	Ms. Aditi V. Chirmule	25,80,000	-	16,80,130	NA	12,50,000	55,10,130
	Non-Executive Directors						
2.	Mr. Atul C. Kirloskar	-	-	-	70,000	1,40,000	2,10,000
3.	Mr. Nihal G. Kulkarni	-	-	-	40,000	80,000	1,20,000
4.	Mr. Anil. N. Alawani	-	-	-	1,40,000	2,80,000	4,20,000
5.	Mr. Vijay. K. Bajhal	-	-	-	80,000	1,60,000	2,40,000
6.	Mrs. Priyamvada A. Ranade	-	-	-	70,000	1,40,000	2,10,000
7.	Mr. Shrikrishna. N. Inamdar	-	-	-	1,10,000	2,20,000	3,30,000
8.	Mr. Anant R. Sathe	-	-	-	20,000	40,000	60,000
9.	Ms. Gauri A. Kirloskar	-	-	-	10,000	20,000	30,000
10.	Mr. Vijay B. Shirke	-	-	-	20,000	40,000	60,000
	Total	**25,80,000**	**-**	**16,80,130**	**5,60,000**	**23,70,000**	**71,90,130**

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.

5. SHARE TRANSFER CUM SHAREHOLDERS' / INVESTORS' GRIEVANCE AND STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Share Transfer cum Shareholders' / Investors' Grievance and Stakeholders' Relationship 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. Anil N. Alawani, Non-Independent Director, with Ms. Aditi V. Chirmule, Executive Director and Mrs. Priyamvada A. Ranade, Independent Director being the other members of the Committee. Mr. Anant R. Sathe was member of the Committee up to 17 July 2014. Mrs. Priyamvada A. Ranade was appointed as a member of the Committee with effect from 18 July 2014.

During the Financial Year under review, one Share Transfer cum Shareholders' / Investors' Grievance and Stakeholders' Relationship Committee meeting was held on 16 October 2014. All the present Committee members attended the said meeting.

Mrs. Ashwini V. Mali, 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 2545 2721 Fax: 020 2545 4723
E mail: Ashwini.Mali@kirloskar.com

With reference to Clause 47(f) of the Listing Agreement, the Company has designated exclusive email id for the investor as investorrelations@kirloskar.com to register their grievances, if any. The Company has displayed the said email id on its website for the use of investors.

The total numbers of complaints received and replied to the satisfaction of the shareholders during the year ended 31 March 2015, were 5 and there were no complaints outstanding as on 31 March 2015.

The Company had no share transfer requests pending as on 31 March 2015.

6. 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
2013-14	2 September 2014	Annual General Meeting	S. M. Joshi Socialist Foundation (S. M. Joshi Hall), Navi Peth, Pune 411 030	11.00 a.m.
2012-13	8 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.

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.

- Amendment in Article 122 of the Articles of Association 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.

At present, no Special Resolution is proposed to be passed at the ensuing Annual General Meeting.

7. DISCLOSURES

a. Mandatory Requirements

The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement.

i. Related Party Transactions

During the Financial Year under review, there was no materially significant related party transaction made by the Company as defined in Clause 49 of the Listing Agreement that may have potential conflict with the interest of the Company at large. Transactions with the related parties are disclosed in Note No. 31 to the Financial Statements in the Annual Report.

ii. Details of capital market non-compliance, if any

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.

iii. Whistle Blower Policy

The Company has formulated and implemented the Whistle Blower Policy / Vigil Mechanism ('the Policy') during the year under review. This has provided a mechanism for Directors and Employees of the Company and other persons dealing with the Company to report to the Chairman of the Audit Committee; any instance of unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct. The policy has also been uploaded on the Company's website at http://kil.net.in/others/kil-whistle-blower-policy-vigil-mechanism.pdf

iv. Policy for determining 'material' subsidiaries

As required under Clause 49 (V) of the Listing Agreement, the Company has formulated a policy for determining 'material' subsidiaries, which has been put up on the website of the Company at http://kil.net.in/others/policy-on-material-subsidiaries.pdf

v. Related Party Transactions Policy

As required under Clause 49 (VIII) (A) of the Listing Agreement, the Company has formulated a Related Party Transactions Policy which has been put on the website of the Company at http://kil.net.in/others/kil_policy-on-materiality-related-party-transactions.pdf

b. Non-Mandatory requirements

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-

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 communication 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 2015, made by the Statutory Auditors in their Audit Report.

c. Other Requirements

a. Disclosure under Clause 5A II of the Listing Agreement in respect of unclaimed shares

Pursuant to SEBI Circular No. CIR/CFD/DIL/10/2010 dated 16 December 2010 and Clause 5A of the Listing Agreement, the Company has sent reminders to those shareholders, whose share certificates have returned undelivered by the postal authorities due to insufficient / incorrect information and are lying with the Company. These share certificates will be sent to eligible shareholders, if these shareholders submit necessary documents to the Company.

As on 31 March 2015, the total unclaimed equity shares are 39,706.

b. Cost Audit Report

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 2014
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 : 30.09.2014 Filing Date: 13.08.2014

8. PARTICULARS OF APPOINTMENT / RE-APPOINTMENT OF 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 Statement setting out material facts annexed to the Notice of the Annual General Meeting.

9. MEANS OF COMMUNICATION

a. Quarterly results:

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.kil.net.in

b. The NSE Electronic Application Processing System (NEAPS) and BSE Corporate Compliance and Listing Centre (the 'Listing Centre')

The NEAPS and the Listing Centre of BSE are web based application designed by NSE and BSE respectively for corporates. All periodicals compliance filings like shareholding pattern, corporate governance report, quarterly results etc. are filed electronically on NEAPS and the Listing Centre of BSE.

c. The Management Discussion and Analysis Report forms part of this Annual Report.

10. GENERAL INFORMATION FOR SHAREHOLDERS

a. Annual General Meeting

Corporate Identification Number (CIN)	L29112PN1978PLC088972
Annual General Meeting	Date and Day : Friday, 28 August 2015 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
Book Closure	Friday, 21 August 2015 to Friday, 28 August 2015
Dividend Payment Date	On or before 15 September 2015
Last date of receipt of proxy forms	26 August 2015
Financial Year 2014-15	During the year, the financial results were announced as under:, First quarter : 18 July 2014 Second quarter : 16 October 2014 Third quarter : 31 January 2015 Annual : 19 May 2015
International Security Identification Number (ISIN)	INE 250A1039
BSE Limited (BSE)	500243
National Stock Exchange of India Limited (NSE)	KIRLOSIND
Designated E mail address for investor services	investorrelations@kirloskar.com

b. Shareholding Pattern as on 31 March 2015

Sr. No.	Category	No. of shares	% of shareholding
1	Promoters	70,52,034	72.64
2	Mutual Funds / UTI	2,949	0.03
3	Banks / Financial Institutions and Insurance Companies	4,58,254	4.72
4	Other Bodies Corporate	69,868	0.72
5	Foreign Institutional Investors	9,43,916	9.72
6	Clearing Members	16,394	0.17
7	NRI	14,774	0.15
6	General Public	11,50,430	11.85
	TOTAL	97,08,619	100.00

c. Distribution of Shareholding as on 31 March 2015

Shareholding of nominal value of		Shareholders		Share Amount	
₹	₹	Number	% to Total	In ₹	% to Total
(1)		(2)	(3)	(4)	(5)
Up to	5,000	21,303	98.27	57,05,120	5.88
5,001	10,000	207	0.95	15,12,530	1.56
10,001	20,000	84	0.39	12,02,040	1.24
20,001	30,000	35	0.16	8,59,150	0.88
30,001	40,000	6	0.03	2,19,780	0.23
40,001	50,000	10	0.05	4,61,150	0.47
50,001	1,00,000	15	0.07	11,09,330	1.14
1,00,001 and above		18	0.08	8,60,17,090	88.60
TOTAL		21,678	100.00	9,70,86,190	100.00

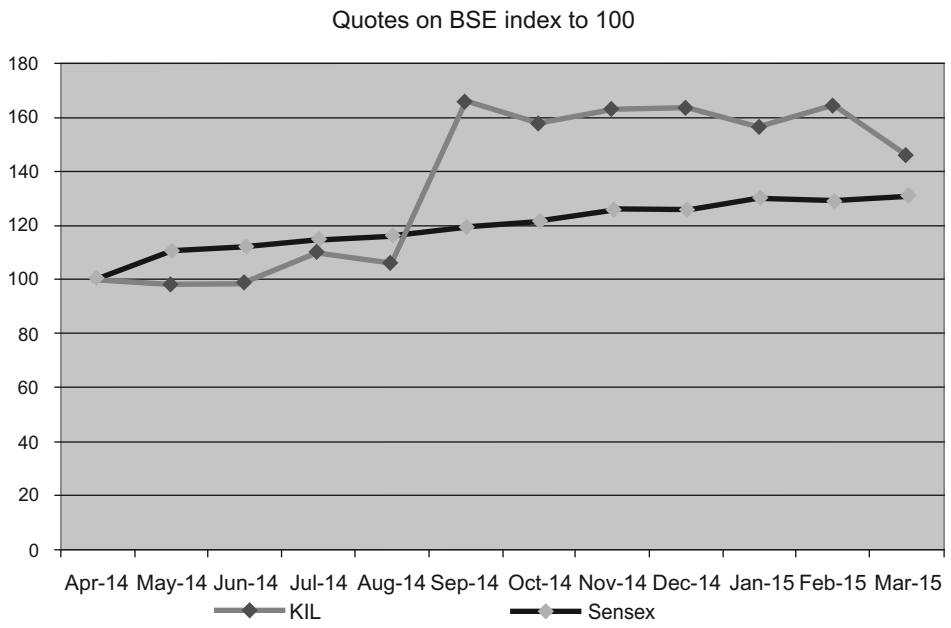
Dematerialisation of shares and liquidity (as on 31 March 2015)	94,89,553
Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity	The Company has not issued GDRs / ADRs / Warrants or any Convertible instruments.

d. Market Price Data

Monthly high / low during the year 2014-15 on the BSE and NSE are as under:

Stock Exchange	BSE		NSE	
Month	**High (₹)**	**Low (₹)**	**High (₹)**	**Low (₹)**
April 2014	395.90	300.00	364.85	300.00
May 2014	387.95	272.10	380.00	305.00
June 2014	389.95	352.40	390.00	338.00
July 2014	434.90	360.00	396.25	350.20
August 2014	420.00	363.50	414.70	366.05
September 2014	656.00	393.05	664.95	370.00
October 2014	624.00	500.00	621.80	466.70
November 2014	644.95	591.00	634.70	575.00
December 2014	647.00	560.00	650.00	547.95
January 2015	618.65	570.00	634.95	561.10
February 2015	649.90	520.00	650.00	502.95
March 2015	578.00	496.00	590.00	492.00

e. Performance in comparison to broad-based indices – BSE Sensex



f. Share Transfer System

a. The applications for transfer of shares lodged at the Company's Registrar and Share 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.

c. **Registrar and Share Transfer Agent (R & T 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 E mail: pune@linkintime.co.in

d. **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.

- **E mail 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 / the R & T Agent (with the 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.

g. Location of Windmills

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

h Address for correspondence

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

investorrelations@kirloskar.com

j. CEO / CFO Certification

The CEO / CFO certificate signed by Ms. Aditi V. Chirmule, Executive Director and Mrs. Jasvandi M. Deosthale, Chief Financial Officer was placed before the meeting of the Board of Directors held on 19 May 2015.

DECLARATION UNDER CLAUSE 49 (II) (E) (2) BY THE EXECUTIVE DIRECTOR 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 of the Company do hereby declare that all 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 15 May 2014.

A Chirmule

Aditi V. Chirmule
Executive Director
DIN 01138984

Date: 19 May 2015
Place: Pune

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 March 31, 2015, as stipulated in Clause 49 of the Listing Agreement(s) of the Company with the Stock Exchanges(s) in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

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

We further state that such compliance is neither an assurance as to the future viability of the Company not 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

sd/-
C. M. DIXIT
Partner
Membership Number: 17532

Pune: 19 May 2015

Independent Auditors' Report

To,
The Members of Kirloskar Industries Limited

Report on the Standalone Financial Statements

We have audited the accompanying Standalone Financial Statements of Kirloskar Industries Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013, ('the Act'), with respect to the preparation of these Standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 Standalone Financial Statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the 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 whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors 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 on the Standalone Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone 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, of the state of affairs of the Company as at March 31, 2015, its profit and its 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, 2015 ('the Order'), issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with in this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   (e) On the basis of the written representations received from the Directors as on March 31, 2015 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2015 from being appointed as a Director in terms of Section 164 (2) of the Act.
   (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      (i) The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements – Refer Note 24 to the Financial Statements;
      (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
      (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

sd/-
C. M. DIXIT
Partner
Membership Number: 17532

Pune : 19 May 2015

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) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets.

ii. (a) Considering the nature of the inventories of the Company [Renewable Energy Certificates (RECs), the provisions of clause 3(ii) (a), (b) and (c) (in so far as the same relates to discrepancies upon physical verification)] of the Order are not applicable to the Company.

(b) The Company has maintained proper records of inventory.

iii. Based on the information and explanations given to us, in our opinion, no loans, secured or unsecured have been granted to companies, firms or other parties covered in the register maintained under Section 189 of the Act.

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, fixed assets and for sale of goods and rendering of services. During the course of our audit, no major weakness in the internal control system or continuing failure to correct the same has been noticed.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public as per the provisions of the Act.

vi. The Company is not required to maintain cost records as per Rule 3 of the Companies (Cost Records and Audit) Rules, 2014.

vii. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Income tax, Value added tax, Wealth tax, Service tax, Cess and 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 Employees State Insurance, Custom duty, Excise duty and Sales tax are not applicable during the year.

(b) According to the information and explanations given to us and from the examination of books of account and records of the Company, there are no dues in respect of Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty, Value added tax or 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	0.52	2006-07	CESTAT-Mumbai
Income Tax Act, 1961	Deduction of tax at source	2.35	2010-11	Commissioner of Income Tax (Appeals)

(c) According to the books of account and records maintained by the Company and as per the information and explanations given to us, the amount required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under has been transferred by the Company to such fund within time.

viii. 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.

ix. The Company has not availed any loan from any financial institution, bank or debenture holders. As such, the reporting under this clause regarding to default of the Company in repayment of dues to financial institution, bank or debenture holders is not required.

x. According to the explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions during the year.

xi. The Company has not taken any term loans during the year.

xii. 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

sd/-
C. M. DIXIT
Partner
Membership Number: 17532

Pune : 19 May 2015

BALANCE SHEET AS AT 31 MARCH 2015

(₹ in Lakhs)

	Note No.	As at 31st March 2015	As at 31st March 2014
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	**970.87**	970.87
(b) Reserves and surplus	4	**68,262.50**	65,940.97
2 Non-current liabilities			
(a) Deferred tax liability (Net)	38	**129.26**	-
(b) Other long term liabilities	5	**44.64**	1,111.64
(c) Long term provisions	6	**72.21**	63.70
3 Current liabilities			
(a) Trade payables	7	**-**	7.58
(b) Other current liabilities	8	**1,243.49**	194.60
(c) Short term provisions	9	**2,181.80**	436.34
TOTAL		**72,904.77**	68,725.70
II. ASSETS			
Non-current assets			
1 (a) Fixed assets			
- Tangible assets	10 & 37	**642.33**	699.94
- Intangible assets	10 & 37	**0.12**	0.29
(b) Non-current investments	11	**59,728.70**	59,791.26
(c) Long-term loans and advances	12	**575.42**	798.51
(d) Other non-current assets	13	**180.04**	-
2 Current assets			
(a) Current investments	14	**-**	-
(b) Inventories		**1.52**	2.18
(c) Trade receivables		**-**	-
(d) Cash and Bank Balances	15	**10,982.33**	6,585.51
(e) Short term loans and advances	16	**53.53**	51.23
(f) Other current assets	17	**740.78**	796.78
TOTAL		**72,904.77**	68,725.70

Notes forming part of the Financial Statements: Note No. 1 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
DIN 00007387

ADITI V. CHIRMULE
Executive Director
DIN 01138984

C. M. DIXIT
Partner
Membership Number: 17532

ASHWINI V. MALI
Company Secretary
ACS 19944

JASVANDI M. DEOSTHALE
Chief Financial Officer
ACA 111693

Pune: 19 May 2015

Pune: 19 May 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2015

(₹ in Lakhs)

		Note No.	2014-15	2013-14
I.	**Revenue from operations**	18	**339.03**	680.07
II.	**Other income**	19	**5,908.76**	5,697.83
III.	**Total Revenue (I + II)**		**6,247.79**	6,377.90
IV.	**Expenses:**			
	Cost of Renewable Energy Credits sold		**2.99**	4.50
	Employee benefit expenses	20	**107.06**	89.64
	Operating and other expenses	21	**561.46**	569.66
	Depreciation and amortisation expenses	22 & 37	**92.47**	306.60
	Corporate Social Responsibility activities	39	**55.00**	-
V.	**Total expenses**		**818.98**	970.40
VI.	**Profit / (Loss) before tax (III- V)**		**5,428.81**	5,407.50
VII.	**Tax expense / (income):**			
	Current tax (including wealth tax)		**786.51**	740.35
	Deferred tax		**129.26**	-
	Total		**915.77**	740.35
VIII.	**Profit / (Loss) for the year (VI-VII)**		**4,513.04**	4,667.15
IX.	**Earnings / (Loss) per equity share [Nominal value of Share ₹ 10/- (31 March 2014 ₹ 10/-)]**		₹	₹
	Basic & Diluted		**46.48**	48.06

Notes forming part of the Financial Statements: Note No. 1 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

C. M. DIXIT
Partner
Membership Number: 17532

Pune: 19 May 2015

ATUL C. KIRLOSKAR
Chairman
DIN 00007387

ADITI V. CHIRMULE
Executive Director
DIN 01138984

ASHWINI V. MALI
Company Secretary
ACS 19944

JASVANDI M. DEOSTHALE
Chief Financial Officer
ACA 111693

Pune: 19 May 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

(₹ in Lakhs)

	2014-15	2013-14
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	**5,428.81**	5,407.50
Non-cash adjustment to reconcile profit before tax to net cash flows:		
Add:		
Depreciation & Amortisation	**92.47**	306.60
Provision of doubtful advances	**0.21**	0.68
Provision for bad & doubtful debts	**-**	7.98
Bad debts written off	**5.44**	-
Advance written off	**486.89**	-
	585.01	315.26
Less:		
Profit on sale of investments	**-**	398.88
Provisions no longer required, written back	**703.25**	1.93
Interest earned	**843.47**	657.50
Dividend on investments	**2,514.09**	2,286.77
Income from licensing of property	**2,334.84**	2,332.39
Sub - total	**6,395.65**	5,677.47
Operating profit before working capital changes	**(381.83)**	45.29
Changes in working capital		
Increase / (Decrease) in trade payables	**(7.58)**	3.51
Increase / (Decrease) in long term provisions	**8.50**	16.12
Increase / (Decrease) in short term provisions	**(22.48)**	14.80
Increase / (Decrease) in other current liabilities	**10.17**	22.07
Increase / (Decrease) in other long term liabilities	**-**	-
Decrease / (increase) in trade receivables	**-**	28.57
Decrease / (increase) in inventories	**0.67**	(0.82)
Decrease / (increase) in long term loans and advances	**200.00**	0.01
Decrease / (increase) in short term loans and advances	**(2.51)**	(13.90)
Decrease / (increase) in other current assets	**219.71**	(456.75)
Sub - total	**406.48**	(386.39)
Net cash generated / (utilised) from operations	**24.65**	(341.10)
Direct taxes paid	**(563.43)**	(947.10)
NET CASH GENERATED / (UTILISED) FROM OPERATING ACTIVITIES	**(538.78)**	(1,288.20)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Add:		
Sale of investments	**-**	725.49
Interest received	**682.46**	578.52
Dividend received	**2,514.07**	2,286.77
Licensing of property	**2,334.66**	2,331.92
Security deposit	**1.09**	12.84
Sub - total	**5,532.28**	5,935.54

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

(₹ in Lakhs)

	2014 - 2015	2013 - 2014
Less:		
Purchase of investments	**-**	(5,929.94)
Investments in bank deposits (having original maturity of more than three months) (Net)	**(4,556.05)**	1,107.10
Purchase of fixed assets	**(7.35)**	(1.55)
Sub - total	**(4,563.40)**	(4,824.39)
NET CASH GENERATED / (UTILISED) FROM INVESTING ACTIVITIES	**968.88**	1,111.15
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	**(409.32)**	(420.13)
Tax on dividend	**-**	-
Fractional shareholding entitlement paid	**(0.01)**	(0.01)
NET CASH GENERATED / (UTILISED) IN FINANCING ACTVITIES	**(409.33)**	(420.14)
D. Net Increase / (Decrease) in cash and cash equivalents	**20.77**	(597.19)
E. Cash and cash equivalents at the beginning of the year	**97.61**	694.80
F. Cash and Cash equivalents at the end of the year	**118.38**	97.61
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash on hand	**0.04**	0.07
With banks -		
- on current account	**12.44**	10.65
- on deposit account	**40.00**	-
- unclaimed dividend accounts / fractional entitlement *	**65.90**	86.89
Total cash and cash equivalents	**118.38**	97.61

* The Company can utilize 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 G. D. APTE & CO.
Chartered Accountants
Firm Registration Number: 100515W

C. M. DIXIT
Partner
Membership Number: 17532

Pune: 19 May 2015

For and on behalf of the Board of Directors

ATUL C. KIRLOSKAR
Chairman
DIN 00007387

ADITI V. CHIRMULE
Executive Director
DIN 01138984

ASHWINI V. MALI
Company Secretary
ACS 19944

JASVANDI M. DEOSTHALE
Chief Financial Officer
ACA 111693

Pune: 19 May 2015

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

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 and the National Stock Exchange of India Limited. 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) and in the absence of such approval to MSEDCL.

The Company has investments in properties and securities.

NOTE 2:

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements have been prepared in conformity with Generally Accepted Accounting Principles in India (Indian GAAP) to comply in all material respects with the notified Accounting Standards as prescribed under section 133 of the Companies Act, 2013, (the Act), read with Rule 7 of Companies (Accounts) Rules, 2014, the relevant provisions of the Act and the guidelines issued by 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 Financial Statements in conformity with Indian GAAP 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) equally over the useful life of the individual assets as prescribed under Part C of Schedule II to the Act. These lives also reflect the management's estimate of the useful life of the respective fixed asset.

In case of windmills , useful life of 20 years (instead of 22 years as prescribed in Part C of Schedule II to the Act) has been estimated by the management of the Company for the purpose of charging depreciation on the basis of technical assessment by independent external valuers.

Computer software recognised as intangible asset is amortised 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 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

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) 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 are recognised upon application for certification to the respective authorities till such units are sold, and valued at lower of cost and net realisable value. Cost comprises of costs incurred for certification of RECs. Net realisable value of RECs 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 / amortisation 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 the basis of the management's estimate of the useful lives of the respective fixed assets and is equal to the corresponding useful lives prescribed in Schedule II 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. 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 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

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.

g. 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 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 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 recognised 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) is recognised on an accrual basis at the time when the contract to sale is entered.

h. Expenditure on Corporate Social Responsibility Activities (CSR Activities)

The expenditure on CSR activities is recognised in the Statement of Profit and Loss upon utilization by the Trust / NGO to which the funding is made by the Company. The expenditure on CSR activities conducted by the Company is recognised in the Statement of Profit and Loss, on an accrual basis as and when the activities are undertaken.

i. Income Tax

I. 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.

II. 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.

III. Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized 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 realised 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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

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.

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 Minimum Alternative Tax 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

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.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

NOTE 3:
SHARE CAPITAL

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

Particulars	**As at 31 March 2015**		As at 31 March 2014	
	Nos.	**(₹ in Lakhs)**	Nos.	(₹ in Lakhs)
Authorised Equity Shares of ₹ 10/- each	**5,00,00,000**	**5,000.00**	5,00,00,000	5,000.00
Issued and Subscribed Equity Shares of ₹ 10/- each	**97,08,650**	**970.87**	97,08,650	970.87
Called Up and Paid Up Equity Shares of ₹ 10/- each fully paid up	**97,08,619**	**970.87**	97,08,619	970.87
Share Capital Suspense Account* Equity Shares of ₹ 10/-each fully paid up	**31**	**-**	31	-
Total	**97,08,650**	**970.87**	97,08,650	970.87

* 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 2015**		As at 31 March 2014	
	Nos.	**(₹ in Lakhs)**	Nos.	(₹ in Lakhs)
Shares outstanding at the beginning of the year	**97,08,650**	**970.87**	97,08,650	970.87
Add: Shares issued during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	**97,08,650**	**970.87**	97,08,650	970.87

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

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

Name of Shareholder	As at 31 March 2015		As at 31 March 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
India Capital Fund Limited	**9,43,439**	**9.72%**	9,43,439	9.72%
Atul Chandrakant Kirloskar #	**16,35,300**	**16.84%**	15,53,298	16.00%
Rahul Chandrakant Kirloskar # #	**16,21,688**	**16.70%**	15,39,721	15.86%
Gautam Achyut Kulkarni	**16,30,358**	**16.79%**	15,48,269	15.95%
Arti Atul Kirloskar	**7,09,648**	**7.31%**	7,09,648	7.31%
Jyostna Gautam Kulkarni	**7,26,798**	**7.49%**	7,26,798	7.49%
Alpana Rahul Kirloskar	**7,09,648**	**7.31%**	7,09,648	7.31%

Out of these, 16,35,275 (15,53,273) 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, 16,21,459 (15,39,492) equity shares are held in the individual capacity and 229 (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	Financial Year (Aggregate No. of Shares)				
	2014-15	2013-14	2012-13	2011-12	2010-11
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 2015

(₹ in Lakhs)

	As at 31 March 2015	As at 31 March 2014
NOTE 4:		
RESERVES & SURPLUS		
Reserve Fund		
In terms of Section 45 - IC of the Reserve Bank of India Act, 1934 (RBI Act)		
Balance as per last account	**3,004.73**	2,071.30
Add: Transfer from surplus of Statement of Profit and Loss	**-**	933.43
Less: Transfer to Surplus in the Statement of Profit and Loss (Refer Note 23)	**3,004.73**	-
	-	3,004.73
General Reserves		
Balance as per last account	**32,261.91**	31,795.19
Add: Transfer from surplus of Statement of Profit and Loss	**-**	466.72
Closing Balance	**32,261.91**	32,261.91
Surplus / (Deficit) in the Statement of Profit and Loss		
Balance as per last account	**30,674.33**	27,732.68
Add: Reversal of Dividend Distribution Tax	**-**	63.00
Add: Transfer from Reserve Fund created under Section 45-IC of RBI Act (Refer Note 23)	**3,004.73**	-
Add: Net Profit transferred from Statement of Profit and Loss	**4,513.04**	4,667.15
Less: Depreciation (Refer Note 37)	**35.22**	-
Less: Transfer to Reserve Fund created under Section 45-IC of RBI Act (Refer Note 23)	**-**	933.43
Less: Transfer to General Reserves	**-**	466.72
Less: Proposed Dividend	**1,941.73**	388.35
Less: Dividend Distribution Tax (Refer Note 35)	**214.56**	-
Net surplus in the Statement of Profit and Loss	**36,000.59**	30,674.33
Total	**68,262.50**	65,940.97
NOTE 5:		
OTHER LONG TERM LIABILITIES		
Security Deposits	**44.64**	1,111.64
Total	**44.64**	1,111.64
NOTE 6:		
LONG TERM PROVISIONS		
Provision for employee benefits		
Gratuity	**25.79**	20.15
Leave Encashment	**19.42**	16.55
Others provisions		
Provision for Operation and Maintenance of Windmills	**27.00**	27.00
Total	**72.21**	63.70

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

(₹ in Lakhs)

	As at 31 March 2015	As at 31 March 2014
NOTE 7:		
TRADE PAYABLES		
Transmission and Wheeling Charges (Refer Note 28)	**-**	7.58
Total	**-**	7.58
NOTE 8:		
OTHER CURRENT LIABILITIES		
Investors Education and Protection Fund will be credited by the following amounts, as and when due		
- Unclaimed Dividend on Equity shares*	**63.25**	84.23
- Unclaimed Fractional Entitlement	**2.72**	2.73
* Includes ₹ 0.07 Lakhs on 31 shares kept in abeyance on the directions of special court, which will not be transferred to Investors Education and Protection Fund		
Security Deposits	**1,130.38**	62.28
Creditors for expenses	**29.43**	29.02
Tax deducted at Source, Service tax and works contract tax	**2.54**	3.22
Employee Benefits	**5.93**	3.88
Other payables	**9.24**	9.24
Total	**1,243.49**	194.60
NOTE 9:		
SHORT TERM PROVISIONS		
Provision for employee benefits		
Gratuity	**0.11**	0.10
Leave Encashment	**1.70**	1.52
Other Provisions		
Cross subsidy charges	**-**	32.17
Commission Payable to Directors	**23.70**	14.20
Dividend on Equity Shares [including Dividend Distribution Tax of ₹ 214.56 lakh (₹ Nil)] (Refer Note 35)	**2,156.29**	388.35
Total	**2,181.80**	436.34

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

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 & Peripherals	Electrical Installations	Total of (A)	Computer Software	
	Wind power generators	Diesel Generator Set								
Gross Block										
Balance as at 1 April 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	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2014	2,629.69	9.39	57.65	11.40	9.97	7.05	5.76	2,730.91	1.01	2,731.92
- Additions	**-**	**-**	**1.36**	**-**	**3.93**	**2.06**	**-**	**7.35**	**-**	**7.35**
- Disposals	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance as at 31 March 2015	**2,629.69**	**9.39**	**59.01**	**11.40**	**13.90**	**9.11**	**5.76**	**2,738.26**	**1.01**	**2,739.27**
Accumulated Depreciation										
Balance as at 1 April 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	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2014	1,994.01	2.51	19.84	4.95	5.14	3.41	1.11	2,030.97	0.72	2,031.69
- Depreciation charge for the year	**49.83**	**0.55**	**6.31**	**2.25**	**2.67**	**2.29**	**0.65**	**64.55**	**0.17**	**64.72**
- On Disposals	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Transferred to Retained Earnings (Refer Note 37)	**-**	**-**	**-**	**-**	**-**	**0.41**	**-**	**0.41**	**-**	**0.41**
Balance as at 31 March 2015	**2,043.84**	**3.06**	**26.15**	**7.20**	**7.81**	**6.11**	**1.76**	**2,095.93**	**0.89**	**2,096.82**
Net Block										
Balance as at 31 March 2014	635.68	6.88	37.81	6.45	4.83	3.64	4.65	699.94	0.29	700.23
Balance as at 31 March 2015	**585.85**	**6.33**	**32.86**	**4.20**	**6.09**	**3.00**	**4.00**	**642.33**	**0.12**	**642.45**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

NOTE 11:

NON CURRENT INVESTMENTS (AT COST UNLESS OTHERWISE STATED)

Sr. No.	Particulars	Face Value (₹)	As at 31 March 2015 Nos.	As at 31 March 2015 ₹ in Lakhs	As at 31 March 2014 Nos.	As at 31 March 2014 ₹ in Lakhs
A	**Investment Properties**					
i	Land (at cost)					
	Opening Balance			**15.32**		15.32
	Add: Purchased during the year			**-**		-
	Less: Sold during the year			**-**		-
	Closing Balance			**15.32**		15.32
ii	Building (at cost less depreciation)					
	(a) Gross Block					
	Opening Balance			**1,262.45**		1,667.45
	Add: Purchased during the year			**-**		-
	Less: Disposals			**-**		405.00
	Closing Balance			**1,262.45**		1,262.45
	(b) Accumulated Depreciation					
	Opening Balance			**556.56**		613.35
	Add: Depreciation for the year			**27.75**		21.61
	Less: On disposals			**-**		78.40
	Add: Transferred to Retained Earnings (Refer Note 37)			**34.81**		-
	Closing Balance			**619.12**		556.56
	Net Block of Building (a) - (b)			**643.33**		705.89
iii	**Total Investment Properties (i)+(ii)**			**658.65**		**721.21**
B	**Trade Investments**					
1	**Quoted**					
	Investment in Equity Instruments					
	Fully Paid Equity Shares					
(a)	Investment In Subsidiary					
	Kirloskar Ferrous Industries Limited	5	**7,06,13,876**	**17,499.77**	7,06,13,876	17,499.77
	Extent of holding by the Company is 51.43% (31 March 2014: 51.43%)					
(b)	Others					
	Kirloskar Brothers Limited	2	**1,89,88,038**	**28,170.90**	1,89,88,038	28,170.90
	Kirloskar Brothers Investments Limited	10	**100**	**0.04**	100	0.04
	Kirloskar Pneumatic Company Limited	10	**11,86,866**	**5,315.61**	11,86,866	5,315.61
	Kirloskar Oil Engines Limited	2	**55,06,519**	**8,039.17**	55,06,519	8,039.17
	Swaraj Engines Limited	10	**21,60,000**	**36.00**	21,60,000	36.00
	Cummins India Limited #	2	**683**	**-**	683	-
	Total			**59,061.49**		59,061.49

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

NOTE 11:

NON CURRENT INVESTMENTS (AT COST UNLESS OTHERWISE STATED) (CONTD.)

Sr. No.	Particulars	Face Value (Rs.)	As at 31 March 2015 Nos.	As at 31 March 2015 ₹ in Lakhs	As at 31 March 2014 Nos.	As at 31 March 2014 ₹ in Lakhs
2	**UNQUOTED**					
	Investment in Equity Instruments					
	Fully Paid Equity Shares					
(a)	Investment In Associate					
	Kothrud Power Equipment Limited	10	**9,92,143**	**99.21**	9,92,143	99.21
	Less: Provision for diminution in value			**99.21**		99.21
	Extent of holding by the Company is 50% (31 March 2014 : 50%)			**-**		-
(b)	Others					
	Kirloskar Kenya Limited	K.S. 1000	**1,272**	**8.56**	1,272	8.56
	The Mysore Kirloskar Limited (In liquidation)	10	**1,13,460**	**27.33**	1,13,460	27.33
	Less: Provision for diminution in value			**27.33**		27.33
				-		-
	Total			**8.56**		8.56
	Total of Investments			**59,728.70**		**59,791.26**

(₹ in Lakhs)

Particulars	As at 31 March 2015	As at 31 March 2014
Aggregate amount of quoted investments		
Carrying Cost	**59,061.49**	59,061.49
Market Value	**1,15,259.21**	80,560.68
Aggregate amount of unquoted investments at carrying cost	**8.56**	8.56
Investment Property at carrying cost	**658.65**	721.21
Aggregate amount of diminution in value of investments	**126.54**	126.54

Notes:

At carrying cost of ₹ 36.96

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

(₹ in Lakhs)

	As at 31 March 2015	As at 31 March 2014
NOTE 12:		
LONG TERM LOANS & ADVANCES		
Security Deposits		
Unsecured, considered good:		
Electricity and Telephone Deposit	**10.13**	10.13
Advances recoverable in cash or kind		
Unsecured, considered good:		
Minimum Alternate Tax Credit Entitlement	**336.01**	582.92
Advance Income Tax	**229.28**	205.46
[Net of Provision for Income Tax ₹4,535.41 Lakhs (₹ 3,783.90 Lakhs) and provision for Wealth Tax ₹ 145.44 Lakhs (₹ 110.44 Lakhs)]		
	575.42	798.51
Unsecured, considered doubtful	**385.87**	1,072.76
Less: Provision for Doubtful Advances (Refer Note 34)	**385.87**	1,072.76
	-	-
Total	**575.42**	798.51

NOTE 13:		
OTHER NON-CURRENT ASSETS		
Fixed Deposits with banks due for realisation after 12 months from the reporting date (Refer Note 15)	**180.00**	-
Interest accrued on deposits with Banks	**0.04**	-
Total	**180.04**	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

	Face Value	As at 31 March 2015		As at 31 March 2014	
	₹	Nos.	(₹ in Lakhs)	Nos.	(₹ in Lakhs)
NOTE 14:					
CURRENT INVESTMENTS					
Trade Investments (unquoted)					
Current maturities of Long Term Investments *					
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
			-		-
Total			**-**		-

(₹ in Lakhs)

Particulars	As at 31 March 2015	As at 31 March 2014
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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

(₹ in Lakhs)

	As at 31 March 2015	As at 31 March 2014
NOTE 15:		
CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Balances with Banks:		
On Current Accounts	**12.44**	10.65
Fixed Deposits having original maturity less than 3 months	**40.00**	-
Unclaimed dividend accounts	**63.18**	84.16
Unclaimed fractional shareholdings account	**2.72**	2.73
Cash on hand	**0.04**	0.07
	118.38	97.61
Other Bank Balances:		
Deposits having original maturity exceeding 3 months but due for realisation within 12 months of the reporting date	**10,863.95**	6,487.90
Non - Current:		
Deposits having original maturity exceeding 12 months	**180.00**	-
Less: Disclosed under Other Non - Current Assets **(Refer Note 13)**	**(180.00)**	-
	-	**-**
Total	**10,982.33**	6,585.51

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

(₹ in Lakhs)

	As at 31 March 2015	As at 31 March 2014
NOTE 16:		
SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good:		
Prepaid Expenses	**40.84**	41.54
Service tax credit receivable	**12.69**	9.69
	53.53	51.23
Unsecured, considered doubtful:		
Receivable from associate company	**1.34**	1.13
Less: Provision	**1.34**	1.13
	-	-
Total	**53.53**	51.23

NOTE 17:		
OTHER CURRENT ASSETS		
Unbilled revenue from windmills	**276.91**	490.75
Interest accrued on deposits with banks	**462.98**	302.01
Other receivables	**0.89**	4.02
Total	**740.78**	796.78

(₹ in Lakhs)

	2014-15	2013-14
NOTE 18:		
REVENUE FROM OPERATIONS		
Sale of Wind power (Refer Note 27 and 28)	**294.03**	601.77
Sale of Renewable Energy Credit and Voluntary Carbon Units	**45.00**	78.30
Total	**339.03**	680.07

NOTE 19:		
OTHER INCOME		
Interest on bank deposits	**843.47**	657.50
Dividend income - Non current investments	**2,514.09**	2,286.77
Gain on sale of investment properties	**-**	398.88
Other non-operating income		
Property licensing fees	**2,334.84**	2,332.39
Provisions no longer required written back (Refer Note 34)	**216.36**	1.93
Miscellaneous income	**-**	20.36
Total	**5,908.76**	5,697.83

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

(₹ in Lakhs)

	2014-15	2013-14
NOTE 20:		
EMPLOYEE BENEFITS EXPENSES		
Salaries and incentives	**89.24**	77.84
Contributions to -		
- Provident fund and Labour welfare fund	**5.09**	4.99
- Superannuation	**5.25**	4.99
Gratuity	**5.65**	(0.42)
Staff welfare expenses	**1.83**	2.24
Total	**107.06**	89.64
NOTE 21:		
OPERATING AND OTHER EXPENSES		
A. Operating Expenses		
Operation and Maintenance charges - Windmill	**41.77**	39.03
Transmission and Wheeling charges (Refer Note 28)	**-**	86.73
Cross subsidy charges	**1.96**	32.17
Sub - total	**43.73**	157.93
B. Other Expenses		
Security Expenses	**238.36**	227.74
Legal and Professional Fees	**113.87**	21.34
Repairs and Maintenance	**27.98**	27.74
Garden and Site Maintenance	**45.68**	40.82
Rates and Taxes	**20.37**	29.42
Donations	**-**	0.10
Printing and Stationery Expenses	**8.73**	6.49
Postage and Courier Charges	**4.21**	2.46
Advertisement and Publicity	**4.87**	8.35
Commission to Directors	**11.20**	4.20
Director Sitting Fees	**5.60**	4.20
Travelling Expenses	**3.89**	3.11
Insurance Charges	**4.50**	3.09
Adavance / Investments written off	**486.89**	120.19
Provision no longer required written back (Refer Note 34)	**(486.89)**	(120.19)
	-	-
Provision for Doubtful Debts	**-**	7.98
Provision for Doubtful Advances	**0.21**	0.68
Bad debts written off	**5.44**	-
Miscellaneous Expenses	**16.47**	19.91
Payment to Auditors for:		
- Statutory Audit	**2.25**	2.10
- Limited Review	**2.25**	0.90
- Tax Audit	**0.75**	0.50
- Certification	**1.10**	0.60
Total	**561.46**	569.66

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

(₹ in Lakhs)

	2014-15	2013-14
NOTE 22:		
DEPRECIATION AND AMORTISATION EXPENSE		
On Fixed Assets (Refer Note 10)	**64.72**	284.99
On Investment Property (Refer Note 11)	**27.75**	21.61
Total	**92.47**	306.60

NOTE 23:

DE-CLASSIFICATION AS NON - BANKING FINANCIAL COMPANY

The Company was entitled to be declassified as Non - Banking Financial Company (NBFC) during the year 2013-14. However, pending confirmation by the Reserve Bank of India (RBI), the Company had created Reserve Fund under Section 45-IC of the Reserve Bank of India Act, 1934 (RBI Act) and continued to disclose the income from bank deposits as 'Revenue from Operations'.

During the year, the Reserve Bank of India, clarified that since the Company is an exempted CIC, none of the RBI Regulations, including creation of Reserve Fund under section 45-IC of the RBI Act, would be applicable to the Company. Consequently, the said Reserve Fund of ₹ 3,004.73 Lakhs has been transferred from Reserve Fund to 'Surplus in the Statement of Profit and Loss' and no Reserve Fund under Section 45-IC of the RBI Act is created during the year 2014-15.

Further, in view of its de-classification as NBFC, income from bank deposits has been disclosed as 'Other Income' during the year 2014-15 and regrouping for the year 2013-14 has been carried out.

NOTE 24:

CONTINGENT LIABILITIES

(₹ in Lakhs)

Sr. No.	Particulars	As at 31 March 2015	As at 31 March 2014
(a)	Disputed service tax demands	**157.86**	2.90
(b)	Disputed Income tax demand Out of this, ₹ 238.68 Lakhs (₹ 206.34 Lakhs) paid under protest	**241.04**	206.34
(c)	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
(d)	Conveyance Deed Charges in respect of property	**21.51**	21.51

NOTE 25:

EXPENDITURE AND EARNINGS IN FOREIGN CURRENCIES

(₹ in Lakhs)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Earnings- Dividend	**6.54**	6.86

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

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	
		2014-15	2013-14	**2014-15**	2013-14	**2014-15**	2013-14
Wind-power units	KwH (in Lakhs)	**N.A.**	N.A.	**112.00**	112.00	**80.89**	105.43

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

(b) Inventory (at cost)

(₹ in Lakhs)

Class of Goods	Units	2014-15		2013-14	
		Nos.	**Amount**	Nos.	Amount
Renewable Energy Certificates (REC)	Units	**10,085**	**1.52**	9,863	1.65
REC under certification	Units	**-**	**-**	4,908	0.52

(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 2015	For the year ended 31 March 2014
Depreciation	**49.83**	271.91
Operation and Maintenance cost	**41.77**	39.03

(d) Turnover

(₹ in Lakhs)

Sr. No.	Class of Goods	Units	2014-15		2013-14	
			Nos.	**Amount**	Nos.	Amount
1	Wind-Power Units	KwH Units (in Lakhs)	**92.38***	**294.03**	93.71	601.77
2	Renewable Energy Certificates (REC)	Units	**3,000**	**45.00**	5,220	78.30
	Total			**339.03**		680.07

* Includes 11.49 Lakhs units wheeled during FY 2013-14, revenue in respect of which has been recognised in the current year in view of Circular issued by MSEDCL.

NOTE 27:

During the year 2013-14, in view of uncertainties involved in purchase of unutilised units under the Open Access by MSEDCL, revenue in respect of such estimated unutilised units was not recognised.

During the current year, commercial circular issued by MSEDCL, permits purchase by MSEDCL, unutilised wind energy units for the FY 2013-14. Consequently, revenue in respect of these unadjusted units has been recognised in the current year at the rate specified in the circular..

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

NOTE 28:

MSEDCL, in response to the application made for NOC for open access, informed the Company, that the approval for sale of wind power under Open Access shall be granted with effect from the date of certain compliances by the Open Access Consumer. Pending such compliances, the revenue from sale of wind power for the year 2014-15, has been accounted for at an estimated rate at which MSEDCL shall purchase the wind power from the open access generators. Accordingly, the Transmission and Wheeling charges are not payable in case of sale of wind power units to MSEDCL. As such no expenditure has been recognised

Note 29:

EMPLOYEE BENEFITS:

(a) Defined Contribution Plans:

The Company has contributed ₹ 10.34 Lakhs (₹ 9.98 Lakhs for 31 March 2014) 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':

i. Statement of Profit and Loss:

Included in employee cost

Gratuity

(₹ in Lakhs)

Particulars	**For the year ended 31 March 2015**	For the year ended 31 March 2014
a. Current Service Cost	**2.02**	1.67
b. Past Service Cost	**----**	----
c. Interest Cost	**1.86**	1.69
d. Expected return on Plan Assets	**NA**	NA
e. Net Actuarial (Gains) / losses recognised in the year	**1.77**	(3.78)
f. Total included in 'Employee Cost'	**5.65**	(0.42)

ii. Balance Sheet (details of provision for gratuity)

Gratuity

(₹ in Lakhs)

Particulars	**As at 31 March 2015**	As at 31 March 2014
a. Present value of Defined Benefit obligation as at the end of the year	**25.90**	20.25
b. Fair value of Plan Assets as at the end of the year	**NA**	NA
c. Funded / (Unfunded) Status	**(25.90)**	(20.25)
d. Current Liability	**0.11**	0.10
e. Non-Current Liability	**25.79**	20.15
f. Unrecognised Actuarial (gains) / losses	**NIL**	NIL
g. Net (Liability) / Asset	**(25.90)**	(20.25)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

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

Gratuity

(₹ in Lakhs)

Particulars	**As at 31 March 2015**	As at 31 March 2014
a. Present value of Defined Benefit obligation at the beginning of the year	**20.25**	20.67
b. Interest cost	**1.86**	1.69
c. Past service cost	**---**	---
d. Current service cost	**2.02**	1.67
e. Benefits paid	**---**	---
f. Actuarial Losses / (Gains)	**1.77**	(3.78)
j. Present value of Defined Benefit obligation at the close of the year	**25.90**	20.25

iv. The principal assumptions used in determining gratuity obligations for the Company's plan as at 31 March 2015:

Gratuity

(₹ in Lakhs)

Particulars	**As at 31 March 2015**	As at 31 March 2014
a. Discount Rate	**7.80%**	9.20%
b. Rate of increase in compensation cost	**7.50%**	7.50%
c. Expected average remaining working lives of employees (years)	**11.62***	12.86*

* It is actuarially calculated term of the liability using probabilities of Death, withdrawal and retirement.

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

(₹ in Lakhs)

Particulars	**31 March 2015**	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Defined benefit obligation	**25.90**	20.25	20.67	18.73	7.34
Plan assets	**NA**	NA	NA	NA	NA
Surplus / (deficit)	**(25.90)**	(20.25)	(20.67)	(18.73)	(7.34)
Experience adjustments on plan liabilities (loss) / gain	**1.72**	1.49	1.95	(25.96)	(0.98)
Experience adjustments on plan assets (loss) / gain	**NIL**	NIL	NIL	NIL	NIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

NOTE 30:

SEGMENT REPORTING

Segment information based on Standalone Financial Statements, as required by the Accounting Standard 17 'Segment Reporting' as prescribed under Section 133 of Companies Act, 2013, is as follows:

(₹ in Lakhs)

Particulars		Year ended	
		31 March 2015	31 March 2014
1	**Segment Revenue**		
A	- Wind power generation	**347.02**	680.07
B	- Investments (Securities and Properties)	**5,692.40**	5,675.67
	Net Sales / Income from Operations	**6,039.42**	6,355.74
2	**Segment Results**		
	Profit (+) / Loss (-) before tax and interest from each segment		
A	- Wind power generation	**226.60**	210.72
B	- Investments (Securities and Properties)	**5,090.01**	5,184.30
	Total	**5,316.61**	5,395.02
	Add / (Less):		
	Other Unallocable income / (expenditure) net off unallocable (expenditure) / income	**112.20**	12.48
	Total Profit Before Tax	**5,428.81**	5,407.50
3	**Total carrying amount of segment / corporate assets**		
A	- Wind power generation	**901.64**	1,171.86
B	- Investments (Securities and Properties)	**71,365.86**	66,674.77
C	- Unallocable corporate assets	**637.27**	879.07
	Total Assets	**72,904.77**	68,725.70
4	**Total amount of segment / corporate liabilities**		
A	- Wind power generation	**31.24**	73.82
B	- Investments (Securities and Properties)	**1,261.58**	1,244.61
C	- Unallocable corporate liabilities	**2,378.58**	495.42
	Total Liabilities	**3,671.40**	1,813.85
5	**Capital Employed**		
	(Segment assets - Segment liabilities)		
A	- Wind power generation	**870.40**	1,098.04
B	- Investments (Securities and Properties)	**70,104.28**	65,430.16
C	- Unallocable corporate assets less liabilities	**(1,741.31)**	383.65
	Total capital employed in the Company	**69,233.37**	66,911.85
6	**Total cost incurred during the year to acquire segment assets that are expected to be used during more than one period**		
A	- Wind power generation	**-**	-
B	- Investments (Securities and Properties)	**-**	-
C	- Unallocable corporate assets	**7.35**	1.55
	Total assets acquired	**7.35**	1.55
7	**Depreciation and Amortisation**		
A	- Wind power generation	**50.49**	272.98
B	- Investments (Securities and Properties)	**39.73**	31.34
C	- Unallocable corporate depreciation	**2.25**	2.28
	Total Depreciation and Amortisation	**92.47**	306.60

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

NOTE 31:

RELATED PARTY DISCLOSURE

Related parties, as defined under Clause 3 of Accounting Standard (AS 18) "Related Party Disclosures" prescribed under Section 133 of Companies Act, 2013, 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):

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

Related Party Transactions:

(₹ in Lakhs)

Nature of transaction	Year	Subsidiary	Associate Companies	Key Management Personnel
Reimbursement of expenses given	**2014-15**	**--**	**0.21**	**--**
	2013-14	--	0.68	--
Expenses rendering of services	**2014-15**	--	--	**49.48#**
	2013-14	--	--	45.43#
Dividend received	**2014-15**	**882.67**	**--**	**--**
	2013-14	882.67	--	--
Licensing fees received	**2014-15**	**4.80**	**--**	**--**
	2013-14	4.00	0.80	--
Investments Purchased	**2014-15**	**--**	**--**	**--**
	2013-14	967.15	--	--
Outstanding as at 31 March				
Receivable	**2015**	**--**	**1.34**	**-**
	2014	0.01	1.13	--
Provisions	**2015**	**--**	**1.34**	**--**
	2014	--	1.13	--
Payable	**2015**	**2.40**	**--**	**12.50**
	2014	2.40	--	10.00
Investments	**2015**	**17,499.77**	*****	**--**
	2014	17,499.77	*	--

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.

* At Carrying Cost of ₹ 1/-.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

NOTE 32:

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 2015**	As at 31 March 2014
Minimum License Fees Receipts:		
Not later than one year	**1,017.76**	2,270.81
Later than one year but not later than five years	**137.94**	929.53
Later than five years	**-**	-
Total	**1,155.70**	3,200.34

NOTE 33:

EARNINGS PER SHARE (BASIC AND DILUTED)

Particulars	**Year ended 31 March 2015**	Year ended 31 March 2014
Net Profit after tax as per Statement of Profit and Loss (₹ in Lakhs) (A)	**4,513.04**	4,667.15
Total number of equity shares at the end of the year (B)	**97,08,650**	97,08,650
Basic and Diluted Earnings Per Share (in ₹) (Nominal value of ₹10/- per share) (A) / (B)	**46.48**	48.06

NOTE 34:

Out of the total advances of ₹ 1,072.76 Lakhs (fully provided for as at March 31, 2014), recovery of ₹ 200.00 Lakhs has been made and an amount of ₹ 486.89 Lakhs has been written off during the year. Consequently provision of ₹ 686.89 Lakhs for doubtful advances has been written back during the year and advance of ₹ 385.87 Lakhs as on March 31, 2015 continues to be provided for fully.

NOTE 35:

The Company is satisfying all the conditions of Section 115-O (1A) of the Income Tax Act, 1961; for claiming reduction of the dividend, if any, declared by the subsidiary viz. Kirloskar Ferrous Industries Limited from the dividend, if any, declared by the Company.

For the current year, provision for Dividend Distribution Tax (DDT) made is arrived at after considering the Company's share in Dividend Distribution Tax on divided declared by the Subsidiary.

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.

Note 37:

In accordance with the requirements of Schedule II to the Companies Act, 2013, the Company has reassessed the useful lives of the fixed assets during the year. In case of fixed assets other than Wind power generators, the useful lives as prescribed under Part C of Schedule II to the Companies Act, 2013, have been considered and in case of Wind power generators, the useful life is considered as 20 years as against 22 years as prescribed in Schedule II, based on independent technical evaluation. Accordingly ₹ 35.22 Lakhs, being written down value of assets having no useful life as at 1st April 2014, have been adjusted against the retained earnings. As a consequence of such a revision, the depreciation for the year is lower by ₹ 211.56 Lakhs as compared to the depreciation which was hitherto being accounted for under the Companies Act, 1956.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

NOTE 38:

DEFERRED TAX LIABILITIES / (ASSETS) (NET)

As required by Accounting Standard (AS 22) "Accounting for Taxes on Income" prescribed under Section 133 of Companies Act, 2013, the Company has recognised deferred taxes on timing differences excluding the timing difference which reverse fully during the tax holiday period 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.

(₹ in Lakhs)

Particulars	Recognised during 2014-15 and balance as at 31.03.2015	Recognised during 2013-14 and balance as at 31.03.2014
Deferred Tax Liabilities		
- Fixed Assets	**143.39**	-
Deferred Tax Assets		
- Disallowances under Income Tax Act, 1961	**14.13**	-
Deferred Tax Liability / (Asset)(Net)	**129.26**	-

NOTE 39:

EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES (CSR ACTIVITIES)

a. As per Section 135 of the Companies Act, 2013, the Company was required to spend ₹ 54.40 Lakhs as expenditure on CSR Activities during the Financial Year 2014-15.

b. Details of amount spent during the year on:

(₹ in Lakhs)

Sr. No.	Particulars	Amount already incurred	Amount yet to be incurred	Total
(i)	Construction / acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	55.00	-	55.00
	Total	**55.00**	**-**	**55.00**

NOTE 40:

DISCLOSURES 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 2015	Maximum balance outstanding during the year	Amount outstanding as at 31 March 2015	Maximum balance outstanding during the year
Subsidiary Kirloskar Ferrous Industries Limited	--	--	17,499.77	17,499.77
Associate Kothrud Power Equipment Limited	#	1.34	#	99.21

At carrying cost of ₹ 1/-

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

NOTE 41:

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

C. M. DIXIT
Partner
Membership Number: 17532

Pune: 19 May 2015

For and on behalf of the Board of Directors

ATUL C. KIRLOSKAR
Chairman
DIN 00007387

ADITI V. CHIRMULE
Executive Director
DIN 01138984

ASHWINI V. MALI
Company Secretary
ACS 19944

JASVANDI M. DEOSTHALE
Chief Financial Officer
ACA 111693

Pune: 19 May 2015

Form AOC-1

STATEMENT PURSUANT TO FIRST PROVISO TO SUB-SECTION (3) OF SECTION 129 OF THE COMPANIES ACT, 2013 RELATING TO SUBSIDIARY COMPANIES:

Part 'A' : Subsidiaries

Sr. No.	Name of the Subsidiaries	Kirloskar Ferrous Industries Limited
		March 31, 2015
1	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	N.A
2	Reporting Currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	N.A
3	Share Capital	6,865.40
4	Reserves & Surplus	38,638.04
5	Total Assets	92,749.26
6	Total Liabilities	47,245.82
7	Investments	-
8	Turnover	1,36,509.24
9	Profit before taxation	7,184.45
10	Provision for Taxation	2,256.81
11	Profit after taxation	4,927.64
12	Proposed Dividend	1,716.35
13	% of Shareholding	51.43%

ATUL C. KIRLOSKAR
Chairman
DIN 00007387

ADITI V. CHIRMULE
Executive Director
DIN 01138984

ASHWINI V. MALI
Company Secretary
ACS 19944

JASVANDI M. DEOSTHALE
Chief Financial Officer
ACA 111693

Pune: 19 May 2015

STATEMENT PURSUANT TO FIRST PROVISO TO SUB-SECTION (3) OF SECTION 129 OF THE COMPANIES ACT, 2013 RELATING TO ASSOCIATES AND JOINT VENTURES:

Part 'B' : Associates and Joint Ventures

Name of Associates / Joint Ventures	**NOT APPLICABLE**
1. Latest Audited Balance Sheet Date	
2. Shares of Associates / Joint Ventures held by the Company on the year end	
No.	
Amount of Investment in Associates / Joint Venture	
Extent of Holdings %	
3. Description of how there is significant influence	
4. Reason why the Associate / Joint venture is not consolidated	
5. Networth attributable to shareholding as per latest Audited Balance Sheet	
6. Profit / Loss for the year	
i. Considered in Consolidation	
ii. Not Considered in Consolidation	

Note :

1. For the Financial Year ending as on 31 March 2015, the Company has no Associates and Joint Ventures.

ATUL C. KIRLOSKAR
Chairman
DIN 00007387

ADITI V. CHIRMULE
Executive Director
DIN 01138984

ASHWINI V. MALI
Company Secretary
ACS 19944

JASVANDI M. DEOSTHALE
Chief Financial Officer
ACA 111693

Pune: 19 May 2015

CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditors' Report

To,
The Board of Directors of Kirloskar Industries Limited

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of Kirloskar Industries Limited ('the Holding Company'), its subsidiary (Kirloskar Ferrous Industries Limited) (the Holding Company and its subsidiary together referred to as 'the Group') and its associate (Kothrud Power Equipment Limited) comprising of the Consolidated Balance Sheet as at March 31, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information ('the Consolidated Financial Statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Financial Statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the Consolidated Financial position, consolidated financial performance and Consolidated Cash Flows of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation 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 whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated 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, of the consolidated state of affairs of the Group and its associate as at March 31, 2015 and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other matters

We did not audit the Financial Statements of the Subsidiary, whose Financial Statements reflect total assets of ₹ 92,746.86 Lakhs as at March 31, 2015, total revenues of ₹ 1,36,820.21 Lakhs and net cash flows amounting to ₹ 745.60 Lakhs for the year ended on that date, as considered in the Consolidated Financial Statements.

These Financial Statements of aforesaid Subsidiary have been audited by other auditor whose report has been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the Subsidiary and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid Subsidiary is based solely on the reports of the other auditor.

The Consolidated Financial Statements also include the Group's share of net loss of ₹ NIL for the year ended March 31, 2015, as considered in the Consolidated Financial Statements, in respect of its associate, Kothrud Power Equipments Limited whose Financial Statements have not been audited by us.

These Financial Statements are unaudited and have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the aforesaid associate and our report in terms of Sub-Sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid associate is based solely on such unaudited Financial Statements.

In our opinion and according to the information and explanations given to us by the Management, these Financial Statements are not material to the Group.

Our opinion on the Consolidated Financial Statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor and the Financial Statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ('the Order'), issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Act, based on the comments in the Auditors' Reports of the Holding Company and Subsidiary Company, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section143(3) of the Act, we report, to the extent applicable, that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
   (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2015 taken on record by the Board of Directors of the Holding Company and the report of the Statutory Auditor of its Subsidiary Company, none of the directors of the Group Companies, is disqualified as on March 31, 2015 from being appointed as a Director in terms of Section 164 (2) of the Act.
   (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 35 to the Consolidated Financial Statements.
      ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group.

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

C. M. DIXIT
Partner
Membership Number: 17532

Pune : May 19, 2015

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 Group has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) As informed to us, the fixed assets have been physically verified by the management at reasonable intervals and the discrepancies noticed during such physical verification were not material and the same have been properly dealt with in the books of account.

ii. (a) In our opinion, physical verification of inventory has been conducted at reasonable intervals by the management.

(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Group and the nature of its business.

(c) In our opinion, proper records of inventory have been maintained and as informed to us, no material discrepancies were noticed on physical verification.

iii. Based on the information and explanations given to us, in our opinion, no loans, secured or unsecured have been granted to companies, firms or other parties covered in the register maintained under Section 189 of the Act.

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 Group and the nature of its business, for acquisition of inventories, fixed assets and for sale of goods and rendering of services. During the course of our audit, no major weakness in the internal control system or continuing failure to correct the same has been noticed.

v. In our opinion and according to the information and explanations given to us, the Group has not accepted any deposits from the public as per the provisions of the Act.

vi. The Central Government has specified maintenance of cost records under Sub Section (I) of Section 148 of the Act in case of the Subsidiary and we are of the opinion, that prima facie such accounts and records are 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.

vii. (a) The Group is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Value added tax, Service tax, Custom duty, Excise duty or Cess and any other material statutory dues applicable to it. According to the information and explanations given to us, 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.

(b) There were no dues in respect of Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty, Value added tax or Cess which have not been deposited on account of any dispute, except for following cases:

Sr. No.	Name of the Statute	Nature of the dues	Amount (₹. in Lakhs)	Forum where dispute is pending
1	The Central Excise Act, 1944	Duty on pattern development charges	3.42	CESTAT, Bangalore
2	The Central Excise Act, 1944	Interest on refund	3.41	Assistant Commissioner of Central Excise, Bellary
3	The Central Excise Act, 1944	Cenvat Credit issues	11.17	Assistant Commissioner, Central Excise, Bellary
4	The Central Excise Act, 1944	Cenvat Credit availed on Steel	99.33	CESTAT, Bangalore
5	The Central Excise Act, 1944	Cenvat Credit issues	4.68	Commissioner of Central Excise, Belgaum
6	The Central Excise Act, 1944	Cenvat Credit issues	0.88	Commissioner of Central Excise (Appeals), Mysore
7	The Central Excise Act, 1944	Cenvat Credit on write-offs	10.24	Additional Commissioner, Central Excise, Belgaum
8	The Finance Act, 1994	Cenvat Credit utilised for Service Tax payment	148.56	Commissioner of Central Excise, Belgaum
9	The Finance Act, 1994	Cenvat Credit issues	7.72	Assistant Commissioner, Central Excise, Bellary
10	The Finance Act, 1994	Penalty on Freight Outward	29.93	CESTAT, Bangalore

Sr. No.	Name of the Statute	Nature of the dues	Amount (₹. in Lakhs)	Forum where dispute is pending
11	The Finance Act, 1994	Service Tax Credit on Expenses	0.21	Commissioner of Central Excise (Appeals), Mysore
12	The Finance Act, 1994	Cenvat Credit issues	1.62	Assistant Commissioner of Central Excise, Bellary
13	The Finance Act, 1994	Service tax demand on Interest	114.96	CESTAT, Bangalore
14	The Finance Act, 1994	Service tax demand on Interest	18.88	Commissioner, Central Excise, Belgaum
15	The Finance Act, 1994	Denial of service tax credit taken and penalty thereon	0.52	CESTAT-Mumbai
16	The Customs Act, 1962	Refund of customs duty	3.38	Commissioner of Custom (Appeals), Bangalore
17	The Income Tax Act, 1961	Prior period expenses disallowed	42.51	Hon'ble High Court, Mumbai
18	The Income Tax Act, 1961	Levy of Penalty	42.28	Commissioner of Income Tax (Appeals) Pune
19	The Income Tax Act, 1961	Royalty and Depreciation allowance	948.73	Commissioner of Income Tax (Appeals) Pune
20	The Income Tax Act, 1961	Deduction of tax at source	2.35	Commissioner of Income Tax (Appeals)
21	The Karnataka VAT Act, 2003	Interest on Input tax credit on purchases	14.79	The Karnataka Appellate Tribunal, Bangalore
22	The Karnataka VAT Act, 2003	Input tax credit on purchases	527.31	Local VAT Officer, Koppal
23	The Central Excise Act, 1944	Valuation of excisable goods	18.76	CESTAT, Mumbai
24	The Central Excise Act, 1944	Refund of Interest	7.14	CESTAT, Mumbai
25	The Maharashtra VAT Act, 2002	VAT set off disallowed	1.82	Joint Commissioner of Sales Tax, Kolhapur

(c) The amount required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made there under has been transferred by the Company to such fund within time.

viii. The Group 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.

ix. The Group has not defaulted in repayment of dues to banks. The Group did not have any outstanding debentures or any outstanding loans from financial institutions during the year.

x. According to the information and explanations given to us, the Group has not given any guarantee for loans taken by others from bank or financial institutions during the year.

xi. In our opinion, the term loans were applied for the purpose for which the loans were obtained.

xii. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Consolidated Financial Statements and as per the information and explanations given by the management, we report that no fraud on or by the Group 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 : May 19, 2015

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2015

(₹ in Lakhs)

	Note No.	As at 31 March 2015	As at 31 March 2014
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	**970.87**	970.87
(b) Reserves and surplus	4	**75,047.93**	71,255.46
2 Minority Interest		**22,100.93**	20,711.94
3 Non-current liabilities			
(a) Long term borrowings	5	**1,000.00**	6,023.10
(b) Deferred tax liability (Net)	6	**7,435.18**	6,417.64
(c) Other Long term liabilities	7	**44.64**	1,111.64
(d) Long term provisions	8	**72.21**	63.70
4 Current liabilities			
(a) Short term borrowings	9	**7,249.84**	9,416.17
(b) Trade payables	10	**20,171.16**	24,766.82
(c) Other current liabilities	11	**10,321.06**	7,720.11
(d) Short term provisions	12	**3,734.32**	1,923.96
TOTAL		**148,148.87**	150,381.41
II. ASSETS			
1 Non-current assets			
(a) Fixed assets			
- Tangible assets	13	**54,509.65**	55,198.88
- Intangible assets	13	**318.69**	138.97
- Capital work-in-progress		**3,042.74**	2,273.63
- Intangible under development		**82.30**	-
(b) Non current investments	14	**42,228.93**	42,291.49
(c) Long term loans and advances	15	**3,668.60**	3,750.60
(d) Other non current assets	16	**184.71**	9.00
2 Current assets			
(a) Current investments	17	**-**	-
(b) Inventories	18	**11,835.09**	16,230.56
(c) Trade receivables	19	**17,650.37**	19,028.42
(d) Cash and Bank Balances	20	**11,992.88**	7,737.92
(e) Short term loans and advances	21	**1,865.88**	2,897.71
(f) Other current assets	22	**769.03**	824.23
TOTAL		**148,148.87**	150,381.41

Notes forming part of the Consolidated Financial Statements: Note No. 1 to 43

As per our attached report of even date

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

C. M. DIXIT
Partner
Membership Number: 17532

Pune: 19 May 2015

For and on behalf of the Board of Directors

ATUL C. KIRLOSKAR
Chairman
DIN 00007387

ADITI V. CHIRMULE
Executive Director
DIN 01138984

ASHWINI V. MALI
Company Secretary
ACS 19944

JASVANDI M. DEOSTHALE
Chief Financial Officer
ACA 111693

Pune: 19 May 2015

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2015

(₹ in Lakhs)

		Note No.	2014-15	2013-14
I.	**Revenue from operations (Gross)**	23	**1,54,191.86**	1,39,691.80
	Less : Excise Duty		**17,343.60**	15,795.62
	Revenue from operations (Net)		**1,36,848.26**	1,23,896.18
II.	**Other income**	24	**5,332.27**	5,117.85
III.	**Total Revenue (I + II)**		**1,42,180.53**	1,29,014.03
IV.	**Expenses:**			
	Cost of materials consumed	25	**82,669.22**	78,618.16
	Changes in inventories of finished goods, work-in-progress and by-products	26	**(305.86)**	1,005.50
	Cost of Renewable Energy Credit		**2.99**	4.50
	Employee benefits expense	27	**6,626.31**	5,045.93
	Finance costs	28	**2,979.87**	2,290.50
	Operating and other expenses	29	**33,124.75**	28,040.82
	Depreciation and amortisation expenses	30	**5,134.36**	3,685.17
	Corporate Social Responsibility activities		**218.25**	-
V	**Total expenses**		**1,30,449.89**	1,18,690.58
VI	**Profit before exceptional and extraordinary items and tax**		**11,730.64**	10,323.45
VII	**Exceptional Items**		-	-
VIII	**Profit before extraordinary items and tax**		**11,730.64**	10,323.45
IX	**Extraordinary items**		**-**	-
X	**Profit / (Loss) before tax**		**11,730.64**	10,323.45
XI	**Tax expense / (income):**			
	Current Tax			
	Current Year		**2,312.86**	1,956.01
	Short / (excess) provision for earlier Year		**-**	(16.60)
	Deferred Tax			
	Current Year		**1,017.55**	1,270.09
	Earlier Year		**-**	-
	MAT Credit Entitlement		**(157.83)**	(654.26)
	Total		**3,172.58**	2,555.24
XII	**Profit / (Loss) for the year (X-XI)**		**8,558.06**	7,768.21
XIII	**Less: Minority Interest**		**2,393.35**	1,934.92
XIV	**Share of Profit / (loss) of Associate (Refer Note 33)**		**-**	-
XV	**Profit / (loss) after tax, minority interest and share of associate**		**6,164.71**	5,833.29
XVI	**Earnings / (loss) per equity share [Nominal value of Share ₹ 10/- (₹ 10/-)]**			
	Basic & Diluted		**63.49**	60.08

Notes forming part of the Consolidated Financial Statements: Note No. 1 to 43

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
DIN 00007387

ADITI V. CHIRMULE
Executive Director
DIN 01138984

C. M. DIXIT
Partner
Membership Number: 17532

ASHWINI V. MALI
Company Secretary
ACS 19944

JASVANDI M. DEOSTHALE
Chief Financial Officer
ACA 111693

Pune: 19 May 2015

Pune: 19 May 2015

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

(₹ in Lakhs)

		2014-15	2013-14
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before tax	**11,730.64**	10,323.45
	Non-cash adjustment to reconcile profit before tax to net cash flows:		
	Add:		
	Depreciation / amortisation	**5,134.36**	3,685.17
	(Profit) / Loss on sale of assets	**169.98**	-
	Provision for Doubtful Advances	**205.30**	0.68
	Bad debts writtenoff	**16.96**	-
	Provision for Doubtful Debts	**-**	7.98
	Unrealised Foreign exchange (Gain) / Loss	**4.98**	-
	Finance Costs	**2,979.88**	1,430.40
	Advance written off	**486.89**	-
	Sub - total	**8,998.34**	5,124.23
	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	**749.12**	71.91
	Interest earned	**1,011.33**	751.88
	Dividend on investments	**1,631.42**	1,404.10
	Income from licensing of property	**2,330.04**	2,327.59
	Rental income	**18.23**	14.32
	Sundry credit balances appropriated	**6.63**	10.36
	Sub - total	**5,746.77**	5,043.40
	Operating profit before working capital changes	**14,982.21**	10,404.28
	Changes in working capital		
	Increase / (Decrease) in trade payables	**(4,524.93)**	4,870.23
	Increase / (Decrease) in long term provisions	**8.50**	(0.43)
	Increase / (Decrease) in short term provisions	**163.47**	(88.03)
	Increase / (Decrease) in other current liabilities	**(124.49)**	1.28
	Decrease / (increase) in trade receivables	**1,161.44**	(3,683.14)
	Decrease / (increase) in inventories	**4,395.48**	(751.33)
	Decrease / (increase) in long term loans and advances	**134.66**	226.14
	Decrease / (increase) in short term loans and advances	**1,031.62**	14.97
	Decrease / (increase) in other current and non current assets	**223.41**	(460.04)
	Sub - total	**2,469.16**	129.65
	Net cash generated / (utilized) from operations	**17,451.37**	10,533.93
	Direct taxes paid	**(1,895.65)**	(2,198.07)
	NET CASH GENERATED/ (UTILIZED) FROM OPERATING ACTIVITIES	**15,555.72**	8,335.86
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Sale of investments	**-**	725.49
	Sale of fixed assets	**(99.74)**	96.43
	Interest received	**850.16**	578.52
	Dividend received	**1,631.40**	1,494.03
	Licensing of property	**2,329.86**	2,327.12
	Security deposit	**1.09**	12.84
	Rental income	**18.23**	14.32
	Sub - total	**4,731.00**	5,248.75

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

(₹ in Lakhs)

		2014-15	2013-14
	Less:		
	Purchase of investments	-	(4,962.78)
	Investment in subsidiary	-	(967.16)
	Investments in bank deposits (having original maturity of more than three months)	(4,556.05)	1,107.10
	Purchase of fixed assets, including CWIP and capital advance	(5,752.23)	(8,739.75)
	Sub - total	(10,308.28)	(13,562.59)
	NET CASH GENERATED/(UTILIZED) FROM INVESTING ACTIVITIES	(5,577.28)	(8,313.84)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Interest paid	(2,895.13)	(1,378.77)
	Proceeds from long term borrowings (Net)	(3,523.10)	500.00
	Increase in Cash Credit	(1,255.61)	1,559.17
	Increase / (Decrease) in short term vendors' bill discounting	(910.73)	(115.24)
	Dividend paid	(1,223.27)	(1,198.36)
	Tax on dividend	(291.69)	(291.69)
	Fractional shareholding entitlement paid	(0.01)	(0.01)
	NET CASH GENERATED/(UTILIZED) IN FINANCING ACTVITIES	(10,099.54)	(924.90)
D.	Net Increase / (Decrease) in cash and cash equivalents	(121.10)	(902.88)
E.	Cash and cash equivalents at the beginning of the year	1,250.02	694.80
	Add: on account of addition on acquisition of subsidiary	-	1,458.10
	Adjusted cash and cash equivalents at the beginning of the year after addition of balances of Subsidiary	1,250.02	2,152.90
F.	**Cash and cash equivalents at the end of the year**	1,128.92	1,250.02
	COMPONENTS OF CASH AND CASH EQUIVALENTS		
	Cash on hand	4.13	3.70
	With banks -		
	- on current account	808.51	968.78
	- on deposit account	40.00	-
	- unclaimed dividend accounts / fractional entitlement *	276.28	277.54
	Total cash and cash equivalents	1,128.92	1,250.02

* The Company can utilize 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' specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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
DIN 00007387

ADITI V. CHIRMULE
Executive Director
DIN 01138984

C. M. DIXIT
Partner
Membership Number: 17532

ASHWINI V. MALI
Company Secretary
ACS 19944

JASVANDI M. DEOSTHALE
Chief Financial Officer
ACA 111693

Pune: 19 May 2015

Pune: 19 May 2015

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015.

SIGNIFICANT ACCOUNTING POLICIES

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 Consolidated Financial Statements have been prepared in conformity with accounting principles generally accepted in India, including Accounting Standards ('AS') as specified under Section 133 of the Companies Act, 2013, (the Act), read with Rule 7 of Companies (Accounts) Rules 2014 and the relevant provision of 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 March 31, 2015 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' as specified under Section 133 of the Act, read with Rule 7 of Companies (Accounts) Rules 2014, the relevant provisions of the Act 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 the AS 21 'Consolidated Financial Statements' as specified under Section 133 of the Act.

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 2015	Reporting date	Status
a. Kirloskar Ferrous Industries Limited (Subsidiary)	India	51.43%	31.3.2015	Subsidiary
b. Kothrud Power Equipment Limited (Associate)	India	50.00%	31.3.2015	Associate

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

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 capitalised.

iii. Cost of fixed assets not ready for use before the balance sheet date is disclosed as capital work-in-progress.

b. Depreciation / Amortisation

i. The Company has provided for depreciation using the straight line method, based on the useful lives specified in Schedule II to the Companies Act, 2013, except in the case of the following assets:

Description	Useful life considered	Useful life as per Schedule II to the Companies Act, 2013	Justification for deviation
Plant and Equipments:			
Sinter Plant	20 years	10 years	Based on past history of usage and supported by Technical Evaluation Report
Blast Furnace and allied Machineries used in manufacture of Pig Iron	20 years	10 years	
Foundry Machineries	20 years	25 years	
Turbo Generator	20 years	40 years	
Plant and Equipments under lease	5 Years	15 years	
Office Equipments:			
Equipment installed at employee's residence	3 Years	5 years	As per the terms of company's policy
Vehicles:			
Vehicles given to employees	5 years	8 years	As per the terms of company's policy

ii. Freehold land is not depreciated.

iii. In the event of sale / retirement of assets, depreciation is provided up to the date of sale / retirement.

iv. The Mining Right acquired by the Company is amortised over 11 years being the period of lease.

v. Computer software recognised as intangible asset is amortised on straight line method oven an estimated useful life of 6 years.

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

d. Operating Lease

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases and assets subjected to operating leases are included in the fixed assets.

e. Foreign Currency Transactions

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.

f. 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.

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.

g. Borrowing Costs

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

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.

h. Excise Duty

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

i. 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 employee's gratuity fund scheme and long term compensated absences are Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance Sheet. 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.

j. 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.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

NOTE 3:

SHARE CAPITAL

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

Particulars	**As at 31 March 2015**		As at 31 March 2014	
	Nos.	**(₹ in Lakhs)**	Nos.	(₹ in Lakhs)
Authorised				
Equity Shares of ₹ 10/- each	**5,00,00,000**	**5,000.00**	5,00,00,000	5,000.00
Issued and Subscribed				
Equity Shares of ₹ 10/- each	**97,08,650**	**970.87**	97,08,650	970.87
Called up and Paid up				
Equity Shares of ₹ 10/- each fully paid up	**97,08,619**	**970.87**	97,08,619	970.87
Share Capital Suspense Account*	**31**	-	31	-
Equity Shares of ₹ 10/-each fully paid up				
Total	**97,08,650**	**970.87**	**97,08,650**	970.87

* 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 2015**		As at 31 March 2014	
	Nos.	**(₹ in Lakhs)**	Nos.	(₹ in Lakhs)
Shares outstanding at the beginning of the year	**97,08,650**	**970.87**	97,08,650	970.87
Add: Shares issued during the year	**-**	**-**	-	-
Less: Shares bought back during the year	**-**	**-**	-	-
Shares outstanding at the end of the year	**97,08,650**	**970.87**	97,08,650	970.87

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

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

Name of Shareholder	**As at 31 March 2015**		As at 31 March 2014	
	No. of Shares held	**% of Holding**	No. of Shares held	% of Holding
India Capital Fund Limited	**9,43,439**	**9.72%**	9,43,439	9.72%
Atul Chandrakant Kirloskar #	**16,35,300**	**16.84%**	15,53,298	16.00%
Rahul Chandrakant Kirloskar # #	**16,21,688**	**16.70%**	15,39,721	15.86%
Gautam Achyut Kulkarni	**16,30,358**	**16.79%**	15,48,269	15.95%
Arti Atul Kirloskar	**7,09,648**	**7.31%**	7,09,648	7.31%
Jyostna Gautam Kulkarni	**7,26,798**	**7.49%**	7,26,798	7.49%
Alpana Rahul Kirloskar	**7,09,648**	**7.31%**	7,09,648	7.31%

Out of these, 16,35,275 (15,53,273) 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, 16,21,459 (15,39,492) equity shares are held in the individual capacity and 229 (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	**Financial Year (Aggregate No. of shares)**				
	2014-15	2013-14	2012-13	2011-12	2010-11
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 2015

(₹ in Lakhs)

	As at 31 March 2015	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 (RBI Act)		
Balance as per last account	**3,004.73**	2,071.30
Add: Transferred from surplus of Statement of Profit and Loss	**-**	933.43
Less: Transferred to surplus in the Statement of Profit and Loss (Refer Note 23 in Standalone Financial Statements of KIL)	**3,004.73**	-
Closing Balance	**-**	3,004.73
Capital Reserve:		
Balance as per last account	**4,298.37**	-
Add: Addition due to acquisition of subsidiary	**-**	4,298.37
Closing Balance	**4,298.37**	4,298.37
General Reserves:		
Balance as per last account	**32,519.07**	31,795.19
Add: Transfer from Surplus of Statement of Profit and loss	**257.15**	723.88
Closing Balance	**32,776.22**	32,519.07
Surplus / (deficit) in the Statement of Profit and Loss :		
Balance as per last account	**31,433.29**	27,732.68
Add: Reversal of Dividend Distribution Tax	**-**	63.00
Add: Transfer from Reserve Fund created under Section 45-IC of RBI Act (Refer Note 23 in Standalone Financial Statements of KIL)	**3,004.73**	-
Add: Net Profit transferred from the Statement of Profit and Loss	**6,164.71**	5,833.29
Less : Depreciation (Refer Note 41)	**35.22**	-
Less: Transferred to Reserve Fund created under Section 45-IC of the RBI Act	**-**	933.43
Less: Transfer to General Reserves	**257.15**	723.88
Less: Proposed Dividends	**1,941.73**	388.35
Less: Dividend Distribution Tax including share of holding Company in tax on dividend declared by Subsidiary	**395.29**	150.02
Net surplus in the Statement of Profit and Loss	**37,973.34**	31,433.29
Total	**75,047.93**	71,255.46

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

(₹ in Lakhs)

	As at 31 March 2015	As at 31 March 2014
NOTE 5:		
LONG TERM BORROWINGS		
Secured		
Term loans		
From Bank	**1,000.00**	2,000.00
Other loans		
From Bank under Buyers' Credit	-	2,523.10
Total (a)	**1,000.00**	4,523.10
Unsecured		
Term loans		
From Banks	-	1,500.00
Total (b)	-	1,500.00
Total (a+b)	**1,000.00**	6,023.10

a. Security for term Loans / Buyers Credit :

(i) Secured Term Loan of ₹ 2,333.33 Lakhs availed from BNP Paribas (Previous year from Bank of Maharastra) 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 BNP Paribas, on Hot Blast Stove for MBF-I, Hot Blast Stove for MBF-II, Boiler and Turbo Generator - 5 MW capacity installed at Bevinahalli Village, Koppal District, Karnataka. The loan amount is repayable in 28 equal monthly installments on the last working day of each month. The rate of interest payable is 9.55 percent per annum. The balance outstanding as at 31 March 2015 is ₹ 2,000 Lakhs out of which an amount of ₹ 1,000 Lakhs being repayable within 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 ₹ 5,046.19 Lakhs 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. The Balance outstanding as at 31March 2015 is ₹ 2,523.10 Lakhs which amount being repayable within 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 $	Amount of loan Equivalent INR (in Lakhs)	Repayment Schedule and Interest Rate
Core Center Equipment	42,01,752.59	2,240.16	Four equal installments commencing from 8 July 2014 and the last installment on 29 December 2015, with a rate of interest at Libor plus 1 percent per annum.
Moulding Plant Equipment	52,45,894.90	2,806.03	Four equal installments commencing from 31 July 2014 and the last installment on 9 October 2015, with a rate of interest at Libor plus 1 percent per annum.
Total	**94,47,647.49**	**5,046.19**	

b. Unsecured term loan of ₹ 1,500.00 Lakhs has been availed from BNP Paribas for a tenure of 14 months (ie. repayable on 20 May 2015) at interest rate of 10 percent per annum. Interest payable monthly and bullet repayment of principal amount at the end of tenure. The entire amount being repayable within 12 months from the reporting date, has been reflected under Other current liabilities as 'Current Maturities of Long Term Borrowings'.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

(₹ in Lakhs)

	As at 31 March 2015	As at 31 March 2014
NOTE 6:		
DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liability:		
Depreciation	**7,708.20**	6,544.55
Others	**5.40**	1.56
Total liability (a)	**7,713.60**	6,546.11
Deferred Tax Assets		
Disallowance under Income Tax Act, 1961	**153.53**	75.50
Provision for doubtful debts	**124.89**	52.97
Total assets (b)	**278.42**	128.47
Net Deferred Tax Liability (a-b)	**7,435.18**	6,417.64
NOTE 7:		
OTHER LONG TERM LIABILITIES		
Security Deposits	**44.64**	1,111.64
Total	**44.64**	1,111.64
NOTE 8:		
LONG TERM PROVISIONS		
Provision for employee benefits		
Gratuity	**25.79**	20.15
Leave Encashment	**19.42**	16.55
Others provisions		
Provision for Operation and Maintenance of Windmills	**27.00**	27.00
Total	**72.21**	63.70

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

(₹ in Lakhs)

	As at 31 March 2015	As at 31 March 2014
NOTE 9:		
SHORT TERM BORROWINGS		
Secured		
Loans payable on demand		
Cash credit from banks	**7,249.84**	8,505.44
Unsecured		
Loans payable on demand		
Vendors' Bills Discounted	**-**	910.73
Total	**7,249.84**	9,416.17

Security for Secured Loans :

Working capital facilities with Consortium Banks (fund based and non fund based) aggregating to ₹ 45,000 Lakhs (₹ 45,000 Lakhs) 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)

	As at 31 March 2015	As at 31 March 2014
Outstanding amount under non fund based limits :		
i. Aggregate value of the amount outstanding under the letters of credit	**11,796.59**	16,219.73
ii. Aggregate value of guarantees outstanding	**220.50**	276.06

NOTE 10:		
TRADE PAYABLES		
Acceptances	**11,599.34**	10,509.88
Transmission and wheeling charges	**-**	7.58
Others	**8,571.82**	14,249.36
Total	**20,171.16**	24,766.82

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

(₹ in Lakhs)

	As at 31 March 2015	As at 31 March 2014
NOTE 11:		
OTHER CURRENT LIABILITIES		
Creditors for capital goods:		
Acceptances	**178.53**	57.22
Others	**794.36**	1,033.75
Current maturities for Long term borrowings [Refer note 5(a) and 5(b)]	**5,023.10**	3,523.10
Interest accrued but not due	**40.50**	86.96
Investors Education and Protection Fund will be credited by the following amounts, as and when due #		
Unclaimed equity dividend	**273.63**	274.88
Unclaimed fractional entitlement	**2.72**	2.73
Security deposits	**1,127.98**	59.88
Advances from customers	**562.23**	1,090.09
Employee benefits	**1,099.52**	598.48
Creditors for expenses	**668.67**	390.28
Taxes and duties	**274.67**	311.03
Exchange differences on forward contracts	**86.79**	254.02
Gratuity to be funded to LIC	**179.85**	28.45
Other payables	**9.24**	9.24
Total	**10,321.06**	7,720.11

Note: There is no amount due and outstanding as at the Balance Sheet date to be credited to Investors Education and Protection Fund.

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)

Particulars	As at 31 March 2015	As at 31 March 2014
Total outstanding to MSME Suppliers (not due)	**578.36**	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 2015

(₹ in Lakhs)

	As at 31 March 2015	As at 31 March 2014
NOTE 12:		
SHORT TERM PROVISIONS		
Provision for employee benefits		
Leave Encashment	**369.23**	338.03
Other Provisions:		
Provision for Dividend	**2,775.41**	1,222.03
Tax of proposed dividend	**565.98**	291.69
Provision for cross subsidy charges	**-**	32.17
Commission payable to Directors	**23.70**	38.20
Wealth Tax	**-**	1.84
Total	**3,734.32**	1,923.96

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

NOTE 13:
FIXED ASSETS

(₹ in Lakhs)

Particulars	Tangible Assets (A)													Intangible Assets (B)			Total (A)+(B)
	Freehold land	Leasehold land	Buildings	Plant and Equipments					Vehicles	Office equip-ments	Com-puters	Electrical Installa-tions	Total (A)	Mining Rights	Computer software	Total (B)	
				Plant and Equipments	Plant and Equipments under Lease	Wind power generators	Diesel Generator Set	Furniture and Fixtures									
Gross Block																	
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
Balance as at 31 March 2014	**452.07**	**442.05**	**13,259.73**	**68,912.44**	**39.01**	**2,629.69**	**9.39**	**195.30**	**257.28**	**298.25**	**175.80**	**5.76**	**86,676.77**	**11.50**	**365.85**	**377.35**	**87,054.12**
- Additions	33.56	-	1,592.65	2,261.88	-	-	-	107.70	141.09	267.96	30.00	-	4,434.84	-	232.90	232.90	4,667.74
- Disposals	-	-	0.48	544.85	-	-	-	21.91	22.88	129.32	2.62	-	722.06	-	-	-	722.06
Balance as at 31 March 2015	**485.63**	**442.05**	**14,851.90**	**70,629.47**	**39.01**	**2,629.69**	**9.39**	**281.09**	**375.49**	**436.89**	**203.18**	**5.76**	**90,389.55**	**11.50**	**598.75**	**610.25**	**90,999.80**
Accumulated Depreciation																	
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
Balance as at 31 March 2014	**-**	**-**	**3,564.65**	**25,373.69**	**28.48**	**1,994.01**	**2.51**	**114.11**	**116.74**	**152.65**	**129.93**	**1.12**	**31,477.89**	**6.88**	**231.50**	**238.38**	**31,716.27**
Depreciation charge for the year	-	-	918.96	3,822.74	7.80	49.83	0.55	22.80	65.41	131.58	33.12	0.65	5,053.44	1.05	52.13	53.18	5,106.62
On disposals	-	-	0.48	490.56	-	-	-	21.71	10.60	125.87	2.62	-	651.84	-	-	-	651.84
Transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	0.41	-	0.41	-	-	-	0.41
Balance as at 31 March 2015	**-**	**-**	**4,483.13**	**28,705.87**	**36.28**	**2,043.84**	**3.06**	**115.20**	**171.55**	**158.36**	**160.84**	**1.77**	**35,879.90**	**7.93**	**283.63**	**291.56**	**36,171.46**
Net Block																	
Balance as at 31 March 2014	452.07	442.05	9,695.08	43,538.75	10.53	635.68	6.88	81.19	140.54	145.60	45.87	4.64	55,198.88	4.62	134.35	138.97	55,337.85
Balance as at 31 March 2015	**485.63**	**442.05**	**10,368.77**	**41,923.60**	**2.73**	**585.85**	**6.33**	**165.89**	**203.94**	**278.53**	**42.34**	**3.99**	**54,509.65**	**3.57**	**315.12**	**318.69**	**54,828.34**

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

NOTE 14:

NON CURRENT INVESTMENTS (AT COST UNLESS OTHERWISE STATED)

Sr. No.	Particulars	Face Value	As at 31 March 2015		As at 31 March 2014	
		₹	Nos.	₹ in Lakhs	Nos.	₹ in Lakhs
A	**Investment Properties**					
i	Land (at cost)					
	Opening Balance			**15.32**		15.32
	Add: Purchased during the year			**-**		-
	Less: Sold during the year			**-**		-
	Closing Balance			**15.32**		15.32
ii	Building (at cost less depreciation)					
	(a) Gross Block					
	Opening Balance			**1,262.45**		1,667.45
	Add: Purchased during the year			**-**		-
	Less: Disposals			**-**		405.00
	Closing Balance			**1,262.45**		1,262.45
	(b) Accumulated Depreciation					
	Opening Balance			**556.56**		613.35
	Add: Depreciation for the year			**27.75**		21.61
	Less: On disposals			**-**		78.40
	Add: Transferred to Retained Earnings			**34.81**		-
	Closing Balance			**619.12**		556.56
	Net Block of Building (a) - (b)			**643.33**		705.89
iii	**Total Investment Properties (i)+(ii)**			**658.65**		721.21
B	**Trade Investments**					
1	**Quoted**					
	Investment in Equity Instruments					
	Fully paid Equity Shares					
	Kirloskar Brothers Limited	2	**1,89,88,038**	**28,170.90**	1,89,88,038	28,170.90
	Kirloskar Brothers Investments Limited	10	**100**	**0.04**	100	0.04
	Kirloskar Pneumatic Company Limited	10	**11,86,866**	**5,315.61**	11,86,866	5,315.61
	Kirloskar Oil Engines Limited	2	**55,06,519**	**8,039.17**	55,06,519	8,039.17
	Swaraj Engines Limited	10	**21,60,000**	**36.00**	21,60,000	36.00
	Cummins India Limited #	2	**683**	-	683	-
	Total			**41,561.72**		41,561.72

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

Sr. No.	Particulars	Face Value	As at 31 March 2015		As at 31 March 2014	
		₹	Nos.	₹ in Lakhs	Nos.	₹ in Lakhs
2	**UNQUOTED**					
	Investment in Equity Instruments					
	Fully Paid Equity Shares					
(a)	Investment In Associate					
	Kothrud Power Equipment Limited	10	**9,92,143**	**99.21**	9,92,143	99.21
	Less: Provision for diminution in value			**99.21**		99.21
	Extent of holding by the Company is 50% (50%) (Refer Note 33)			**-**		-
(b)	Others					
	Kirloskar Kenya Limited	K.S. 1000	**1,272**	**8.56**	1,272	8.56
	The Mysore Kirloskar Limited (In liquidation)	10	**1,13,460**	**27.33**	1,13,460	27.33
	Less: Provision for diminution in value			**27.33**		27.33
				-		-
	Kirloskar Proprietary Limited*	100	**1**	**-**	1	-
	Total			**8.56**		8.56
	Total of Investments			**42,228.93**		42,291.49

(₹ in Lakhs)

Particulars	As at 31 March 2015	As at 31 March 2014
Aggregate amount of quoted investments		
Carrying Cost	**41,561.72**	41,561.72
Market Value	**75,680.13**	61,883.31
Aggregate amount of unquoted investments	**8.56**	8.56
Investment Property at carrying cost	**658.65**	721.21
Aggregate amount of diminution in value of investments	**126.54**	126.54

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 2015

(₹ in Lakhs)

	As at 31 March 2015	As at 31 March 2014
NOTE 15:		
LONG TERM LOANS AND ADVANCES		
Capital Advances		
Unsecured, considered good	**417.65**	302.65
Security Deposits		
Unsecured, considered good	**798.19**	798.59
Advances recoverable in cash or kind		
Unsecured, considered good:		
Advance to suppliers	**70.50**	-
Advance Income Tax net of provision for Income Tax ₹ 12,993.92 Lakhs (₹ 10,736.37) and provision for Wealth tax ₹148.42 (₹ 112.28)	**1,208.63**	1,361.60
Minimum Alternate Tax Credit Entitlement	**1,127.81**	1,237.18
Claims receivable	**30.57**	30.57
Loan to employees	**15.25**	20.01
Adances:		
Unsecured, considered doubtful	**385.87**	1,072.76
Less: Provision for Doubtful Advances	**385.87**	1,072.76
Claims receivable :		
Unsecured, considered doubtful	**45.00**	45.00
Less: Provision for Doubtful Advances	**45.00**	45.00
	-	-
Total	**3,668.60**	3,750.60
NOTE 16:		
OTHER NON CURRENT ASSETS		
Unsecured, considered good		
Non-current bank balances (Refer Note 20)	**183.67**	7.38
Interest Accrued on Deposits	**1.04**	1.62
Unsecured, considered doubtful trade receivables	**315.94**	110.85
Less: Provision for doubtful debts	**315.94**	110.85
	-	-
Total	**184.71**	9.00

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

NOTE 17:

CURRENT INVESTMENTS

(₹ in Lakhs)

	Face Value ₹	As at 31 March 2015 Nos.	As at 31 March 2015 Amount	As at 31 March 2014 Nos.	As at 31 March 2014 Amount
Trade Investments (unquoted)					
Current Maturities of Long Term Investments *					
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
			-		-
Total			**-**		-

Particulars	As at 31 March 2015	As at 31 March 2014
Aggregate carrying cost of unquoted investments	**-**	-
Aggregate amount of diminution in value of investments	**13.20**	13.20

* In earlier years, the Company had purchased 30,000 debentures of The Mysore Kirloskar Limited 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'.

NOTE 18:

INVENTORIES

(₹ in Lakhs)

	As at 31 March 2015	As at 31 March 2014
Raw material at site	**4,009.33**	3,648.13
Raw material in transit	**769.01**	6,360.00
Work-in-progress	**2,561.22**	2,430.15
Finished goods	**946.06**	806.38
Stores and spares	**3,260.62**	2,731.49
By-products	**287.34**	252.23
Inventories of Renewable Energy Certificates	**1.51**	2.18
Total	**11,835.09**	16,230.56
Details of Work-in-progress		
Castings	**2,041.18**	1,921.15
Patterns	**451.97**	415.95
Others	**68.07**	93.05
Total	**2,561.22**	2,430.15
Details of Finished Goods		
Pig Iron	**933.33**	795.61
Others	**12.73**	10.77
Total	**946.06**	806.38

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

(₹ in Lakhs)

	As at 31 March 2015	As at 31 March 2014
NOTE 19:		
TRADE RECEIVABLES		
Unsecured, considered good		
(a) Trade receivables outstanding for a period exceeding six months from the date they are due for payment	**160.93**	211.42
(b) Others*	**17,489.44**	18,817.00
Total	**17,650.37**	19,028.42

* Net of Sales bills discounted ₹ 2,114.36 Lakhs (₹ NIL)

NOTE 20:		
CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Balances with Banks		
On Current Accounts	**808.51**	968.78
Fixed Deposits having original maturity less than 3 months	**40.00**	-
Unclaimed dividend accounts	**273.56**	274.81
Unclaimed fractional shareholdings account	**2.72**	2.73
Cash on hand	**4.13**	3.70
	1,128.92	1,250.02
Other Bank Balances		
Deposits having original maturity exceeding 3 months but due for realisation within 12 months of the reporting date	**10,863.95**	6,487.90
Non current		
Deposits having original maturity exceeding 12 months	**182.50**	6.21
Margin money deposit	**1.17**	1.17
	183.67	7.38
Less: Disclosed under other non-current assets (Refer Note 16)	**(183.67)**	(7.38)
Total	**11,992.88**	7,737.92

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

(₹ in Lakhs)

	As at 31 March 2015	As at 31 March 2014
NOTE 21:		
SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good		
Advances recoverable in cash / kind	**401.15**	1,115.37
Balances with Government Authorities	**1,307.42**	1,619.90
Prepaid expenses	**144.62**	152.75
Service tax credit receivable	**12.69**	9.69
	1,865.88	2,897.71
Unsecured, considered doubtful		
Amounts receivable from associate company	**1.34**	1.13
Less: Provision	**1.34**	1.13
	-	-
Total	**1,865.88**	2,897.71

NOTE 22:		
OTHER CURRENT ASSETS		
Unbilled revenue from wind power	**276.91**	490.75
Interest accrued on deposits with banks	**491.23**	329.46
Other receivables	**0.89**	4.02
Total	**769.03**	824.23

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

(₹ in Lakhs)

	2014-15	2013-14
NOTE 23:		
REVENUE FROM OPERATIONS		
Sale of products		
Pig Iron	**94,943.39**	80,748.79
Casting	**53,746.09**	52,244.97
By-products	**4,118.79**	4,612.15
Sale of wind power	**294.03**	601.78
Sale of Renewable Energy Credit	**45.00**	78.30
Total (a)	**1,53,147.30**	1,38,285.99
Other Operating Income		
Scrap sales	**0.80**	2.34
Miscellaneous Income	**1,043.76**	1,403.47
Total (b)	**1,044.56**	1,405.81
Revenue from operations (Gross) (a+b)	**1,54,191.86**	1,39,691.80
Less: Excise Duty (c)	**17,343.60**	15,795.62
Revenue from operations (Net) (a+b-c)	**1,36,848.26**	1,23,896.18

NOTE 24:		
OTHER INCOME		
Interest on Bank Deposits	**1,011.33**	751.88
Dividend income - Non current investments	**1,631.42**	1,404.10
Gain on sale of long term investment properties (Net)	**-**	398.88
Other non-operating income		
Property licensing fees	**2,330.04**	2,327.59
Net gain on foreign currency transactions	**22.29**	-
Profit on sale of assets (net)	**-**	61.28
Rental income and equipment leasing charges ##	**18.23**	14.32
Insurance claim received	**-**	0.70
Excess provisions for expenses no longer required	**262.23**	71.91
Sundry credit balances	**6.63**	10.36
Miscellaneous income	**50.10**	76.83
Total	**5,332.27**	5,117.85

The Subsidiary Company leases equipments under operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. Rental receipts with applicable taxes under such leases are ₹ 4.34 Lakhs for the year ended 31 March 2015 (₹ 8.57 Lakhs).

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

(₹ in Lakhs)

	2014-15	2013-14
NOTE 25:		
COST OF MATERIAL CONSUMED		
Stock at the beginning of the year	**10,008.13**	8,278.58
Add : Purchases	**77,439.43**	80,347.71
Less : Stock at the end of the year	**4,778.34**	10,008.13
Cost of material consumed	**82,669.22**	78,618.16
Details of Raw Material Consumed		
Iron Ore	**27,524.56**	23,068.22
Coke	**42,092.30**	42,819.16
M.S. / C.I Scrap	**11,358.91**	10,834.87
Others	**1,693.45**	1,895.91
Total	**82,669.22**	78,618.16
NOTE 26:		
CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND BY-PRODUCT		
Inventory at the end of the year		
Work-in-progress	**2,561.22**	2,430.15
Finished goods	**946.06**	806.38
By-Products	**287.34**	252.24
Total	**3,794.62**	3,488.77
Inventory at the beginning of the year		
Work-in-progress	**2,430.15**	2,061.52
Finished goods	**806.38**	2,050.26
By-Products	**252.23**	382.49
Total	**3,488.76**	4,494.27
(Increase) / Decrease	**(305.86)**	1,005.50

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

(₹ in Lakhs)

	2014-15	2013-14
NOTE 27:		
EMPLOYEE BENEFITS EXPENSE		
Salaries and incentives	**5,420.81**	4,250.68
Contributions to -		
- Provident Fund and Labour Welfare Fund	**219.81**	211.51
- Superannuation	**23.77**	23.63
- Gratuity	**241.63**	(45.82)
- Others	**13.45**	25.16
Staff welfare expenses	**706.84**	580.77
Total	**6,626.31**	5,045.93

NOTE 28:		
FINANCE COST		
Interest	**2,396.76**	1,396.32
Other Borrowing Costs	**48.65**	34.08
Applicable net loss on foreign currency transactions	**534.46**	860.10
Total	**2,979.87**	2,290.50

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

(₹ in Lakhs)

	2014-15	2013-14
NOTE 29:		
OPERATING AND OTHER EXPENSES		
a. Operating Expenses		
Consumption of Stores, Spares and Consumables	**14,666.38**	12,555.28
Power, fuel and water	**9,910.07**	8,921.67
Fettling and labour charges	**2,418.57**	1,938.64
Repairs and maintenance		
- Machinery	**965.90**	756.76
- Buildings	**163.96**	132.86
MBF relining expenses	**284.90**	735.97
Machinery hire	**157.68**	74.60
Excise duty on Increase / (Decrease) in closing stock of finished goods	**57.30**	(170.50)
Operation and Maintenance charges - Windmill	**41.77**	39.03
Transmission and Wheeling charges	**-**	86.73
Cross subsidy charges	**1.96**	32.17
Total (a)	**28,668.49**	25,103.21
b. Selling Expenses		
Freight and forwarding expenses (Net)	**914.15**	498.16
Sales commission and incentive	**910.20**	475.54
Royalty	**344.53**	305.79
Advertisement	**7.23**	5.12
Total (b)	**2,176.11**	1,284.61
c. Other / Administrative Expenses		
Security Staff Service	**238.36**	227.75
Legal and Professional fees	**379.88**	141.88
Rates and taxes	**171.57**	140.20
Repairs and maintenance - property and other assets	**88.40**	84.86
Donations	**-**	223.52
Travelling expenses	**199.74**	174.98
Communication expenses	**71.34**	60.23
Printing and Stationery expenses	**68.27**	55.18
Garden and site maintenance	**45.68**	40.82
Commission to Directors	**66.70**	28.20

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

(₹ in Lakhs)

	2014-15	2013-14
Director sitting fees	**17.00**	10.70
Insurance charges	**36.47**	35.14
Advertisement and publicity	**4.87**	8.35
Rent	**6.27**	4.02
Adavance / Investments written off	**486.89**	120.19
Provision no longer required written back	**(486.89)**	(120.19)
Bad debts written off	**16.96**	28.66
Provision for Doubtful Debts written back	**-**	(28.66)
Provision for Doubtful Debts	**205.09**	7.98
Provision for Doubtful Advances	**0.21**	0.68
Miscellaneous expenses	**456.17**	379.34
Foreign exchange loss (Net)	**-**	5.20
Loss on sale of assets	**169.98**	-
Payment to Auditors for:		
- Statutory Audit	**27.75**	18.25
- Certification and other services	**8.37**	4.63
- Taxation matters	**0.38**	0.33
- Reimbursement of expenses	**0.69**	0.76
Total (c)	**2,280.15**	1,653.00
Total (a+b+c)	**33,124.75**	28,040.82

NOTE 30:

DEPRECIATION AND AMORTISATION EXPENSE

On Fixed Assets	**5,106.62**	3,663.56
On Investment Property	**27.74**	21.61
Total	**5,134.36**	3,685.17

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

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 Financial Statement have been adopted, hence no adjustments have been made to bring about any uniformity in the Accounting Policies in reporting 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, 2014 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 2014-15 also. The carrying amount of investment in Associate has been shown at Re. 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 2015**	As at 31 March 2014
Estimated amount of contracts remaining to be executed on capital account and not provided for	**863.47**	1,931.36

NOTE 35:

CONTINGENT LIABILITIES NOT PROVIDED FOR

(₹ in Lakhs)

Sr. No.	**Particulars**	**As at 31 March 2015**	As at 31 March 2014
1	Disputed central excise demands	**162.42**	189.05
2	Disputed service tax demands	**460.86**	305.92
3	Disputed sales tax demands	**664.50**	54.43
4	Disputed income tax demands	**1,274.57**	1,997.00
5	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
6	Conveyance Deed Charges in respect of property	**21.51**	21.51
7	Labour matters to the extent quantifiable	**22.08**	19.30
8	Sales bills discounted	**1,781.13**	-

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

NOTE 36:

AMOUNT OF BORROWING COST CAPITALISED DURING THE YEAR

(₹ in Lakhs)

Particulars	**As at 31 March 2015**	As at 31 March 2014
Amount of borrowing cost capitalised	**12.42**	1,106.86

NOTE 37:

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

Particulars	**Currency**	**Year**	**Amount in Foreign Currency**	**Equivalent Indian Currency (in lakhs)**	**Purpose**
Payables	USD	**2014-15** 2013-14	**60,36,463** 75,88,473	**3,895.49** 4,855.26	**Hedging the Risk**
Loan (Under Buyers' Credit)	USD	**2014-15** 2013-14	**47,23,824** 94,47,647	**2,523.10** 5,046.19	

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

(₹ in Lakhs)

Particulars	**Currency**	**Year**	**Amount in Foreign Currency**	**Equivalent Indian Currency ₹ in Lakhs**
Trade Receivables	EURO	**2014-15** 2013-14	**37,900** 11,425	**25.46** 9.40
Advance for Supplies	USD	**2014-15** 2013-14	**------** 12,414	**-----** 7.44
	EURO	**2014-15** 2013-14	**19,487** 1,15,397	**13.09** 94.98
Payables	USD	**2014-15** 2013-14	**39,76,619** 66,59,264	**2,485.39** 3,989.17
	EURO	**2014-15** 2013-14	**63,120** 15,496	**42.39** 12.75

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

NOTE 38:

SEGMENT REPORTING

(₹ in Lakhs)

	Particulars	Year ended	
		31 March 2015	31 March 2014
1	**Segment Revenue**		
A	- Wind power generation	**347.02**	680.07
B	- Investments (Securities and Properties)	**4,804.93**	4,788.20
C	- Iron Casting	**1,36,820.21**	1,23,523.60
	Total	**1,41,972.16**	**1,28,991.87**
	Less: Inter segment revenue	**-**	**-**
	Net Sales / Income from Operations	**1,41,972.16**	**1,28,991.87**
2	**Segment Results**		
	Profit (+) / Loss (-) before tax and after interest on 'Iron Casting' Segment		
A	- Wind power generation	**226.60**	210.72
B	- Investments (Securities and Properties)	**4,202.60**	4,296.83
C	- Iron Casting	**10,169.11**	8,093.92
	Total	**14,598.31**	**12,601.47**
	Add / (Less):		
	Interest	**(2,979.87)**	(2,290.50)
	Other Unallocable income / (expenditure) net off	**112.20**	12.48
	unallocable income / (expenditure)		
	Total Profit Before Tax	**11,730.64**	**10,323.45**
3	**Total carrying amount of segment assets**		
A	- Wind power generation	**901.64**	1,171.86
B	- Investments (Securities and Properties)	**53,866.09**	49,174.98
C	- Iron Casting	**92,743.87**	99,155.50
D	- Unallocable corporate assets	**637.27**	879.07
	Total Segment Assets	**1,48,148.87**	**1,50,381.41**
4	**Total amount of segment liabilities**		
A	- Wind power generation	**31.24**	73.82
B	- Investments (Securities and Properties)	**1,259.17**	1,242.21
C	- Iron Casting	**46,360.16**	55,631.69
D	- Unallocable corporate liabilities	**24,479.50**	21,207.36
	Total Segment Liabilities	**72,130.07**	**78,155.08**

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

(₹ in Lakhs)

	Particulars	Year ended	
		31 March 2015	31 March 2014
5	**Capital Employed**		
	(Segment Assets - Segment Liabilities)		
A	- Wind power generation	**870.40**	1,098.04
B	- Investments (Securities and Properties)	**52,606.92**	47,932.77
C	- Iron Casting	**46,383.71**	43,523.81
D	- Unallocable corporate assets less liabilities	**(23,842.23)**	(20,328.29)
	Total Capital Employed in the Company	**76,018.80**	**72,226.33**
6	**Total cost incurred during the year to acquire segment assets that are expected to be used during more than a year**		
A	- Wind power generation	**0.42**	0.18
B	- Investments (Securities and Properties)	**(6.93)**	1.37
C	-Iron Casting	**4,660.39**	21,214.74
D	- Unallocable corporate assets	**-**	-
	Total Assets Acquired	**4,667.74**	**21,216.29**
7	**Depreciation and Amortisation**		
A	- Wind power generation	**50.49**	272.98
B	- Investments (Securities and Properties)	**39.73**	31.34
C	- Iron Casting	**5,041.89**	3,378.58
D	- Unallocable corporate depreciation	**2.25**	2.27
	Total Depreciation and Amortisation	**5,134.36**	**3,685.17**

Note 39:

Related Parties, as defined under Clause 3 of Accounting Standard (AS 18) 'Related Party Disclosures' specified under Section 133 of the Companies Act, 2013, 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):

Associate Company- Kothrud Power Equipment Limited		
Key Management Personnel and their relatives		
Key Management Personnel		**Relatives of Key Management Personnel and relationship**
Name	**Designation**	
Ms. Aditi V. Chirmule	Executive Director	None
Mr. R. V. Gumaste	Managing Director (Kirloskar Ferrous Industries Limited)	None

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

(b) Related Party Transactions:

(₹ in Lakhs)

Nature of transaction	Year	Key Management Personnel	Associate Company
Reimbursement of expenses given	**2014-15**	**----**	**0.21**
	2013-14	----	0.68
Expenses rendering of services	**2014-15**	**350.76**	**----**
	2013-14	315.97	----
Dividend paid	**2014-15**	**1.78**	**----**
	2013-14	1.24	----
Licensing fees received	**2014-15**	**----**	**----**
	2013-14	----	----
Outstanding as at 31 March			
Receivable	**2015**	**----**	**1.34**
	2014	----	1.13
Provisions	**2015**	**----**	**1.34**
	2014	----	1.13
Payable	**2015**	**218.20**	**----**
	2014	201.39	----
Investments	**2015**	**6.95**	**#**
	2014	7.11	#

At carrying cost of ₹ 1/-

NOTE 40:

EARNINGS PER SHARE (BASIC AND DILUTED)

Particulars	Year ended 31 March 2015	Year ended 31 March 2014
Net Profit after tax as per Statement of Profit and Loss (₹ in Lakhs)	**8,558.06**	7,768.21
Add: Share of Profit / (Loss) of Associate	**-**	-
Less: Minority Interest (₹ in Lakhs)	**2,393.35**	1,934.92
Net Profit after tax, share in Associate and Minority Interest as per Statement of Profit and Loss (₹ in Lakhs)	**6,164.71**	5,833.29
Total number of equity shares at the end of the year (B)	**97,08,650**	97,08,650
Basic and Diluted Earnings Per Share (in ₹) (Nominal value of ₹ 10 per share) (A) / (B)	**63.49**	60.08

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2015

NOTE 41:

In accordance with the requirements of Schedule II to the Companies Act 2013, ('the Act'), the Company has reassessed the useful lives of the fixed assets during the year. In case of fixed assets other than wind power generators, the useful lives as prescribed under Part C of Schedule II to the Act have been considered and in case of Wind power generators, the useful life is considered as 20 years as against 22 years as prescribed in Schedule II, based on independent technical evaluation. Written down value of assets having no useful life as at 1 April 2014, ₹ 35.22 lakhs, have been adjusted against the retained earnings in case of Holding Company and ₹ 790.81 lakhs have been charged as depreciation to the Statement of Profit and Loss in case of the Subsidiary Company. As a consequence of such a revision, the depreciation for the year is higher by ₹ 59.55 lakhs as compared to the depreciation which was hitherto being accounted for under the Companies Act, 1956.

NOTE 42:

GENERAL INFORMATION

Name of the Entity	Net Assets, i.e. total assets minus total liabilities		Share in profits or loss	
	As % of Consolidated net assets	Amount (₹)	As % of Consolidated profit / loss	Amount (₹)
1	2	3	4	5
Parent - Kirloskar Industries Limited	52.73	51,736.01	42.36	3,625.57
Indian Subsidiary - Kirloskar Ferrous Industries Limited	24.75	24,282.79	29.67	2,539.14
Minority Interest	22.52	22,100.93	27.97	2,393.35
Associate (investment as per the equity method) (Refer Note 33 to Consolidated Financial Statements)				
Joint Venture	Not Applicable			
Total	**100.00**	**98,119.73**	**100.00**	**8,558.06**

NOTE 43:

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

C. M. DIXIT
Partner
Membership Number: 17532

Pune: 19 May 2015

For and on behalf of the Board of Directors

ATUL C. KIRLOSKAR
Chairman
DIN 00007387

ADITI V. CHIRMULE
Executive Director
DIN 01138984

ASHWINI V. MALI
Company Secretary
ACS 19944

JASVANDI M. DEOSTHALE
Chief Financial Officer
ACA 111693

Pune: 19 May 2015

NOTES

NOTES

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 Website: www.kil.net.in

CIN - L29112PN1978PLC088972

Printed @ Vikram Printers Pvt. Ltd.

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 Statement for the year ended	**31 March 2015**
3.	Type of Audit observation	**Unqualified**
4.	Frequency of observation	**Not Applicable**
5.	To be signed by –	
	• CEO/Managing Director/Executive Director	For KIRLOSKAR INDUSTRIES LTD. (ADITI CHIRMULE) Executive Director
	• Audit Committee Chairman	FOR KIRLOSKAR INDUSTRIES LTD. Chairman Audit Committee
	• CFO/Head Finance	For KIRLOSKAR INDUSTRIES LTD. JASVANDI DEOSTHALE Chief Financial Officer
	• Auditor of the Company	For G. D. Apte & Co. Chartered Accountants Firm Reg. No. 100515W C. M. Dixit Partner Membership No. 17532

Date : 19 May 2015
Place : Pune

Regd. Office : 13 / A, Karve Road, Kothrud, Pune - 411 038.(India)
Phone : +91- (0)20 - 2545 2721 Telefax : +91- (0)20 - 2545 4723 E-mail : investorrelations@kirloskar.com Website : www.kil.net.in
CIN No.: L29112PN1978PLC088972

NOTICE

Notice is hereby given that the Annual General Meeting of Kirloskar Industries Limited will be held on Friday, the 28th day of August 2015 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 Financial Statements of the Company for the Financial Year ended 31 March 2015 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 2015.

ITEM NO. 3:

To appoint a director in place of Mr. Nihal G. Kulkarni, (holding DIN No.01139147) 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 Section 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), the appointment of G. D. Apte & Co., Chartered Accountants, (Firm Registration Number 100515W), as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, at a remuneration decided by the Board of Directors, be and is hereby ratified."

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 Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Tejas P.

Deshpande (holding DIN 01942507), who was appointed as an Additional Director with effect from 19 May 2015, pursuant to the provisions of Section 161(1) of the Companies Act, 2013 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 / 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 28 August 2015."

By Order of the Board of Directors

A.V. Mali

Place: Pune
Date: 19 May 2015

Ashwini Mali
Company Secretary

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 Statement setting out the material facts pursuant to Section 102 (1) of the Companies Act, 2013, (the Act), concerning the Ordinary Business No. 3 and Special Business No. 5 in the Notice and is annexed hereto and forms part of this Notice.

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 Act, the Register of Members and Share Transfer Books of the Company will remain closed from Friday, 21 August 2015 to Friday, 28 August 2015, 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 20 August 2015. 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 2007-08 has already been transferred to the 'Investor Education and Protection Fund' on 21 February 2015.

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 2007-08 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 2007-08 onwards, before the amount becomes due 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, 2nd 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, 12 August 2015.

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., 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 Act 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 Share Transfer Agent of the Company.

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 / the 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 / the 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 2015, free of cost, upon sending a request to the Registrar and Share 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

xviii. Voting through electronic means:-

I. In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") is provided by National Securities Depository Limited (NSDL).

II. The facility for voting through Polling Paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through Polling Paper.

III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

IV. The remote e-voting period commences on 25 August 2015 (9:00 am) and ends on 27 August, 2015 (5:00 pm). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 21 August 2015, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

V. The process and manner for remote e-voting are as under:

A. In case a member receives an email from NSDL [for members whose email IDs are registered with the Company / the Registrar and Share Transfer Agent viz. Link Intime India Private Limited / the Depository Participants(s)]:

(i) Open email and open PDF file viz; "KIL Annual Report remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password / PIN for remote 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 remote e-voting opens. Click on remote e-voting: Active Voting Cycles.

(vii) Select "EVEN" of "Kirloskar Industries Limited".

(viii) Now you are ready for remote 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.

(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 authorized signatory(ies) who are authorized 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 AGM [for members whose email IDs are not registered with the Company / the Registrar and Share Transfer Agent viz. Link Intime India Private Limited / the Depository Participants(s) or requesting physical copy] :

(i) Initial password is provided as below / at the bottom of the Attendance Slip for the AGM:

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

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

VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.

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

VIII. You can 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).

IX. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 21 August 2015.

X. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e., 21 August 2015, may obtain the login ID and password by sending a request at evoting@nsdl.co.in

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

XI. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.

XII. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

XIII. Mr. Mahesh J. Risbud, Company Secretary in Practice, (Membership No. FCS 810 CP No. 185) has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.

XIV. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of "Poling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

XV. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

XVI. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.kil.net.in and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai and National Stock Exchange of India Limited.

XVII. 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. Mahesh J. Risbud, Practicing Company Secretary c/o Link Intime India Private Limited (Unit: Kirloskar Industries Limited), Block No. 202, Akshay Complex, 2nd Floor, Off Dhole Patil Road, Near Ganesh Temple, Pune 411 001, so as to reach by 5 p.m. on 27 August 2015. The Ballot Form received thereafter will be strictly treated as not received.

iv. A shareholder can opt only one mode of voting either through remote e-voting or by Poll or by the Ballot. If a shareholder casts votes by all 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

Place: Pune
Date: 19 May 2015

Ashwini Mali
Company Secretary

ANNEXURE TO THE NOTICE

STATEMENT ANNEXED TO THE NOTICE PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND CLAUSE 49 OF THE LISTING AGREEMENT

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 and 5 in the accompanying notice of Annual General Meeting of the Company to be held on Friday, the 28th August 2015 at 11 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. Nihal G. Kulkarni retires by rotation and being eligible, offers himself for re-appointment.

Mr. Nihal G. Kulkarni, A. B. in Economics from Brown University, USA, has over six years of experience in the areas of finance and investments. He has undergone extensive training with the Kirloskar Group, Toyota Motor Sales, USA and DSP Merrill Lynch. He was Vice President in Kirloskar Pneumatic Company Limited up to 22 October 2010. He was the Managing Director of the Company from 23 October 2010 up to 25 January 2012. He has been appointed as Managing Director of Kirloskar Oil Engines Limited with effect from 26 January 2012. He is the Chairman and Director of G. G. Dandekar Machine Works Limited. Mr. Nihal G. Kulkarni is a member of the Audit Committee.

Mr. Nihal G. Kulkarni is also Director in following companies:

Name of the Company	Board position held	Committee Membership
G. G. Dandekar Machine Works Limited	Chairman and Director	Audit Committee – Member Share Transfer cum Shareholders' Grievance Committee – Member
Kirloskar Oil Engines Limited	Managing Director	-
Kloudworks Consultancy Services Limited	Director	-
Expert Quality Cloud Information Technology Private Limited	Director	-

Mr. Nihal G. Kulkarni is not holding any equity shares of the Company.

Save and except, Mr. Nihal G. Kulkarni 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. 3 for approval by the shareholders.

ITEM NO. 5 OF THE NOTICE:

The Board of Directors of the Company, pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company, appointed Mr. Tejas P. Deshpande as an Additional Director with effect from 19 May 2015.

In terms of the provisions of Section 161(1) of the Companies Act, 2013, Mr. Tejas P. Deshpande 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 28 August 2015, 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. Tejas P. Deshpande for the office of Director of the Company.

Mr. Tejas P. Deshpande 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 to five (5) consecutive years on the Board of a Company and as per Section 152 of the Companies Act, 2013, he shall not be included in the total number of directors for retirement by rotation.

The Company has received a declaration from Mr. Tejas P. Deshpande 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. Tejas P. Deshpande fulfills the conditions for his appointment as an Independent Director as specified in the Act. Mr. Tejas P. Deshpande is independent of the management.

Mr. Tejas P. Deshpande passed out of ILS, Law College, Pune and has been practicing law for the last 11 years. He predominantly has a litigation practice, in various court, with focus on High Court, Mumbai and Supreme Court of India. He specializes in real estate, infrastructure and company law related cases.

Mr. Tejas P. Deshpande assisted in writing and researching book 'Kuler – Indian Contract Act' on Indian Contract Act published in 2003. He also assisted in researching book 'Pollock & Mulla – Indian Contract Act and Specified Relief Acts' which was edited and republished in 2004.

Mr. Tejas P. Deshpande is not holding any equity shares of the Company.

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

Copy of the draft letter for appointment of Mr. Tejas P. Deshpande 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. Tejas P. Deshpande 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. 5 of the Notice for approval by the members.

By Order of the Board of Directors

A.V.Mali

Place: Pune
Date: 19 May 2015

Ashwini Mali
Company Secretary

This page is intentionally left blank

KIRLOSKAR INDUSTRIES LIMITED

A Kirloskar Group Company

CIN: L29112PN1978PLC088972

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

Phone : +91-(0)20-2545 2721, Telefax: +91-(0)20-2545 4723 Email: investorrelations@kirloskar.com, Website : www.kil.net.in

ANNUAL GENERAL MEETING ON 28TH AUGUST 2015

ATTENDANCE SLIP

Registered Folio / DP ID & Client ID	
Name and address of the Member(s)	
Joint Holder 1 **Joint Holder 2**	
No. of Shares	

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 Friday, 28th August, 2015 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 and name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the ENTRANCE OF THE MEETING HALL.

ELECTRONIC VOTING PARTICULARS

EVEN (Electronic Voting Event Number)	USER ID	Password

Note : Please read the instructions printed under the Note No. xviii (V) to the Notice of Annual General Meeting dated 28th August, 2015. The remote e-voting period starts from 9.00 a.m. on Tuesday, 25th August, 2015 and ends at 5.00 p.m. on Thursday, 27th August, 2015. The remote e-voting module shall be disabled by NSDL for voting thereafter.

.....PLEASE CUT HERE AND BRING THE ABOVE ATTENDANCE SLIP TO THE MEETING HALL.....

KIRLOSKAR INDUSTRIES LIMITED

A Kirloskar Group Company

CIN: L29112PN1978PLC088972

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

Phone : +91-(0)20-2545 2721, Telefax: +91-(0)20-2545 4723 Email: investorrelations@kirloskar.com, Website : www.kil.net.in

ANNUAL GENERAL MEETING ON 28TH AUGUST 2015

PROXY FORM

Name of the Member(s).....

Registered address.....

E-mail ID.....

Folio / DP ID & Client ID .....

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…….....

P.T.O.

.....PLEASE CUT HERE AND BRING THE ABOVE ATTENDANCE SLIP TO THE MEETING HALL.....

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 Friday, 28th August, 2015 at 11.00 a.m. at any adjournment thereof in respect of following resolutions:

Resolution No.	Resolution	Number of equity shares	Optional*	
			For	Against
1.	Adoption of the Audited Financial Statements of the Company for the Financial Year ended 31 March 2015 and Report of Board of Directors and Auditors thereon.			
2.	Declaration of dividend on equity shares for the Financial Year ended 31 March 2015.			
3.	Re-Appointment of Mr. Nihal G. Kulkarni (DIN 01139147), who retires by rotation.			
4.	Ratification of appointment of G. D. Apte & Co. (Firm Registration No.100515W) as Auditors and fixing their remuneration.			
5.	Appointment of Mr. Tejas P. Deshpande (DIN 01942507), as an Independent Director.			

Signed this ……... day of ……..…….. 2015

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, Annexure to the Notice 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.

KIRLOSKAR INDUSTRIES LIMITED

A Kirloskar Group Company

CIN: L29112PN1978PLC088972
Registered Office : 13/A, Karve Road, Kothrud, Pune - 411 038, (India)
Phone : +91-(0)20-2545 2721, Telefax: +91-(0)20-2545 4723
Email: investorrelations@kirloskar.com, Website : www.kil.net.in

ANNUAL GENERAL MEETING ON 28TH AUGUST 2015

BALLOT FORM

(For Members who do not have access to e-voting facility)

Sr. No.	Particulars	Details
1.	**Name of the First Named Member (in block letters)**	
2.	**Postal address**	
3.	**Registered Folio No. / *Client ID No. (*Applicable to investors holding shares in dematerialized form)**	
4.	**Class of shares**	**Equity Shares of ₹ 10/- each**

I / We hereby exercise my / our vote(s) in respect of the Resolutions to be passed for the business set out in the Notice of the Annual General Meeting of the Company to be held on Friday, the 28th day of August 2015, by sending my / our assent or dissent to the said Resolutions by placing the tick (✓) mark at the appropriate box below:

Item No.	Description Resolution	Number of equity shares	I / We assent to the resolution	I / We dissent to the resolution
1.	Adoption of the Audited Financial Statements of the Company for the Financial Year ended 31 March 2015 and Report of Board of Directors and Auditors thereon.			
2.	Declaration of dividend on equity shares for the Financial Year ended 31 March 2015.			
3.	Re-Appointment of Mr. Nihal G. Kulkarni (DIN 01139147), who retires by rotation.			
4.	Ratification of appointment of G. D. Apte & Co. (Firm Registration No.100515W) as Auditors and fixing their remuneration.			
5.	Appointment of Mr. Tejas P. Deshpande (DIN 01942507), as an Independent Director.			

Place :
Date :

_____
Signature of Member

Note : This Ballot Form is provided for the benefit of Members, who do not have access to e-voting facility.

INSTRUCTIONS

1. Members may fill up this Ballot Form (no other form or photocopy of the form will be accepted) and send the same in a sealed envelope addressed to the Scrutinizer, viz. Mr. Mahesh J. Risbud, Practicing Company Secretary c/o Link Intime India Private Limited, (Unit: Kirloskar Industries Limited), Block No. 202, Akshay Complex, 2nd Floor, Off Dhole Patil Road, Near Ganesh Temple, Pune 411001, **so as to reach by 5 p.m. on 27 August 2015.** The Ballot Form received thereafter will be strictly treated as not received.

2. The Ballot Form should be signed by the Members as per the specimen signature registered with the Company / the Depositories. In case of joint holding, the Form should be completed and signed by the first named Member and in his / her absence, by the next named joint holder. The right of voting by the Ballot Form shall not be exercised by a Proxy.

3. In case the shares are held by companies, trusts, societies, etc. the duly completed Ballot Form should be accompanied by a certified true copy of the relevant Board Resolution / Authorisation.

4. **A Member can opt for only one mode of voting i.e. either through e-voting or by the Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and the Ballot Form shall be treated as invalid.**

5. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on 21 August 2015.

6. Unsigned, incomplete, improperly or incorrectly tick marked Ballot Forms shall be rejected. The decision of the Scrutinizer on the validity of the Ballot Form will be final.

7. The Company will not be responsible, if the envelope containing the Ballot Form is lost in transit.