

KIRLOSKAR BROTHERS LIMITED



Enriching Lives

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Dear Shareholder,

Sub. : Update and half yearly financial results

I have pleasure to enclose a copy of the company's half yearly results duly approved by our Board at its meeting held on October 22, 2009. Let me take this opportunity to also appraise you of certain other initiatives of the company during the first half of the year 2009-10.

Financial Highlights

As you would observe, the sales turnover for the first half of the year 2009-10 is Rs. 94,956.14 lacs as against Rs. 79,078.31 lacs during the corresponding period of the previous year, recording a rise of about 20%. Domestic sales have registered a growth of about 23% over the corresponding period of the last year.

The profit before tax for first half year is Rs. 5,782.81 lacs. The profit before tax for this quarter is Rs. 5,098.55 lacs. The order board as on September 30, 2009 is around Rs. 360,000 lacs.

Profitability for the first half year has increased due to various factors including reduction in major expenses and overall costs. Net current assets have dropped and there is reduction in borrowings, as well. The net worth has also shown positive change. Further, the management is taking efforts to improve overall operating margins.

There was a severe set-back to the world economy during the last year. The Indian Economy was also affected to some extent. I am glad that of late, there have been signs of improvements on the economic front. During the last year, we had initiated various cost control measures. We would continue with the same but shall strive to meet demands of the developing market.

Other Highlights

- ◆ As you are aware, the Company obtained no objection from the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited for the proposed Scheme of Arrangement. Thereafter, Company filed an application with the Hon'ble High Court of Judicature at Bombay and by an Order made on the 9th day of October, 2009 in the said Company Application, the Hon'ble High Court directed that a meeting of the Equity Shareholders of the Company be convened and held at the corporate office of the Company on the 7th day of November, 2009. You must have already received the notice of the said meeting. This meeting of shareholders would be held to consider the proposed scheme.

In terms of the scheme of Arrangement, dividend amounting to Rs. 1193.75 lacs, received on certain investments of the company to be transferred to Kirloskar Brothers Investments Limited (KBIL), is kept in trust for KBIL and not considered in the half yearly financials. As a result, total income for the current period is not comparable to that of corresponding period.

- ◆ The Company has established a branch office in Cairo, Arab Republic of Egypt. It would mainly focus on execution of company contracts in the region including supply and installation work of Egyptian Government. It would also help the company in strengthening its presence within the region.
- ◆ The performance of most of the subsidiaries of the Company is quite encouraging. The management is taking all out efforts to improvise their respective operating efficiencies and performances. We are also focusing more on project execution and effective management of inventory and receivables.

I look forward for your continued support and encouragement. It would be our endeavor to continue the growth momentum in subsequent quarters to enhance value for our stakeholders.

With regards and season's greetings,

Sanjay C. Kirloskar
Chairman and Managing Director

Encl : As above

Pune : October 24, 2009

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

Corporate Office : 'YAMUNA' Survey No.98 / 3 to 7, Baner, Pune - 411 045 (INDIA) Tel.: +91 20 2721 4444 E-mail : kblin@kbl.co.in Website : www.kbl.co.in

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UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2009

(Rs.in Lacs)

	Particulars	Quarter Ended		Half Year Ended		Year Ended
		30.09.2009	30.09.2008	30.09.2009	30.09.2008	31.03.2009
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	(a) Net Sales / Income from Operation	54,815.34	42,043.34	94,956.14	79,078.31	183,094.48
	(b) Other Operating Income	449.09	237.76	573.37	295.81	1,074.45
	Total	55,264.43	42,281.10	95,529.51	79,374.12	184,168.93
2	Expenditure					
	a) (Increase) / Decrease in Stock in trade and work in progress	72.47	(558.08)	(1,644.39)	(2,453.80)	(2,516.97)
	b) Consumption of Raw Materials	22,551.98	21,850.76	46,014.86	43,746.39	94,857.72
	c) Purchases of Traded Goods	16,796.54	10,718.54	26,273.83	20,897.42	46,926.93
	d) Employee Cost	2,167.36	2,403.65	4,558.40	4,793.75	9,438.16
	e) Depreciation	658.78	518.34	1,255.82	983.03	2,073.50
	f) Other Expenditure	7,344.90	5,517.93	12,000.65	9,886.71	23,052.45
	Total	49,592.03	40,451.14	88,459.17	77,853.50	173,831.79
3	Profit from Operations before Other Income & Interest (1-2)	5,672.40	1,829.96	7,070.34	1,520.62	10,337.14
4	Other Income	329.84	1,623.10	636.76	1,946.34	2,516.90
5	Profit before Interest (3+4)	6,002.24	3,453.06	7,707.10	3,466.96	12,854.04
6	Interest	903.69	629.22	1,924.29	1,053.20	3,032.00
7	Profit before tax (5-6)	5,098.55	2,823.84	5,782.81	2,413.76	9,822.04
8	Tax Expenses	1,784.85	481.68	1,909.00	519.63	3,119.17
9	Net Profit after tax (7-8)	3,313.70	2,342.16	3,873.81	1,894.13	6,702.87
10	Paid-Up Equity Share Capital (Face value of Rs. 2/- each)	2,115.29	2,115.29	2,115.29	2,115.29	2,115.29

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(Rs.in Lacs)

	Particulars	Quarter Ended		Half Year Ended		Year Ended
		30.09.2009	30.09.2008	30.09.2009	30.09.2008	31.03.2009
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
11	Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year					67,877.99
12	Earning Per Share (Not Annualised) - (Rs.)					
	Basic Earning per share	3.13	2.21	3.66	1.79	6.34
	Diluted Earning per share	3.13	2.21	3.66	1.79	6.34
13	Public Shareholding					
	- Number of Shares	39,848,769	40,149,776	39,848,769	40,149,776	39,848,769
	- Percentage of Shareholding	37.68	37.96	37.68	37.96	37.68
14	Promoters and promoters group shareholding					
	a) Pledged / Encumbered					
	- Number of Shares	-	-	-	-	-
	- Percentage of Shares (as a % of the total share holding of promoter and promoters group)	-	-	-	-	-
	- Percentage of Shares (as a % of the total share capital of the company)	-	-	-	-	-
	b) Non-encumbered					
	- Number of shares	65,915,586	65,614,579	65,915,586	65,614,579	65,915,586
	- Percentage of Shares (as a % of the Total share holding of promoters and promoter group)	100.00	100.00	100.00	100.00	100.00
	- Percentage of Shares (as a % of the total share capital of the company)	62.32	62.04	62.32	62.04	62.32

Pune : October 22, 2009

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